



CMEEC 101

January 2018

CMEEC 101 Overview

December 20, 2017

Purpose:

Provide focused and customized opportunity for current and prospective Board of Director Members and Alternates to accelerate their functional understanding of Connecticut Municipal Electric Energy Cooperative (“CMEEC”)

Structure:

Up to three hour session (more or less as desired / needed by Board Members) facilitated by CMEEC Chief Executive Officer Drew Rankin, to walk through the most significant components of CMEEC necessary to enable immediate functional integration and qualification as a CMEEC Board Member. A spiral bound handbook containing all the materials in the Outline Topic is provided for your on-going reference.

Outline Topics:

1. Introductions
2. CMEEC as a Joint Action Agency / Legal Entity / Enabling Statute / Evolution
3. Governance and Operating Model Overview
4. CMEEC Business Model / Roadmap / Vision - Mission – Objectives / CMEEC Strategic Measurement System / Board Dashboard Excerpts
5. Address all Remaining Inquiries / Requests for Information
6. Attachments:
 - a. Typical Board “Package”
 - b. Membership Agreement
 - c. Bylaws
 - d. Sample Replacement Power Supply Contract
 - e. Sample General Transmission Services Agreement
 - f. Rate 9
 - g. Organizational / Accountability Chart

Joint Action Agency Enabling Statute Evolution Milestones

Joint Action Agency Enabling Statute Evolution Significant Milestones

CMEEEC Business & Business Model

- Public Power Joint Action Agency - 1976
 - Enabled Pursuant to Connecticut Statute 101a
- Delivering Sustained Lower Cost Energy Solutions
 - Products
 - Wholesale Electric Energy to MEU Substations
 - Commodity, Capacity, Transmission, ISO-NE, Ancillaries
 - Services
 - ISO Transmission Filing / Management, ISO Asset Filing / Management, Risk Management, C&LM Coordination, Project Management, Market Expertise, Business Development Support,
 - Projects
 - Ownership Structure for Joint Participation in Generation Projects, Transmission Projects, Energy Infrastructure

CMEEC Summary

- Owners / Members Up to 2013 – 5 Legacy “Members”
 - Groton Utilities(51.354%)
 - Norwich Public Utilities(31.864%)
 - South Norwalk(8.583%)
 - East Norwalk(6.198%)
 - Jewett City Department Public Utilities(2.001%)
- Energy Resources and Related Services
 - “Full requirements” wholesale electric energy
 - Wholesale energy related legal services
 - Wholesale energy related financial services
 - Regulatory and Governmental body representation
 - Conservation and Load Management services

2012 – 2013 Structural Transformation

- **Legacy Structure**

- CMEEC and Five Members operating under legacy Power Supply Agreement (“PSA”) that combined ownership matters and customer matters intertwined into one agreement
- Incredibly binding and limiting agreement from CMEEC origin days structured as “glue to hold everything together” through the infancy days of CMEEC
- Examples: Member could not effectively ever leave CMEEC as long as CMEEC had any debt whatsoever – Member had no ability to unlock / issue CMEEC equity
- Served CMEEC and Members well, but forty years elapsed time proved the PSA Commercially Unreasonable

- **Restructuring Principles**

- Functionally separate Membership matters and Customer matters
- Incorporate Commercially Reasonable / Equitable terms and conditions
- Longer terms to enable longer financing existing and prospective assets
- Increase Member control (prudent) and value proposition

2012 into 2013 Milestones and Time Line

- 2011 – 2012
 - Creating, Refining, Negotiating Three Significant Agreements – Other minor ones supporting
 - Membership Agreement
 - Replacement Power Supply Contract
 - General Transmission Services Agreement
- “Final” Contracts January
- MEU Commission Approvals Jan / Feb
- 30 Day Period Expired February
- Rating Agency Presentations Feb / Mar
- Refinance Generation Assets Mar / Apr

PSA Evolution to MA - RPSC - GTSA

History

- One legacy agreement – PSA
- Membership and Electric Product intertwined

Reasons for Change

- PSA remaining term limited options / tenor for financing
- Member evolving interests for commercially reasonable provisions
- Market transformation / changes
- Optimize Transmission Asset ROI
- Optimize Project Benefits

New Structure

- GTSA for Transmission Services and Transmission Projects
- RPSC for Electric Products and Generation Projects
- Membership Agreement for Ownership

Legacy PSA

Function:	Full requirements "Electric Products" supply and transmission to deliver "Electric Products" 2029, and with no indebtedness
Term:	No effective provision for early termination
Termination:	Power only historically
Project Type:	No ability to sell
Projects:	Applied to bill as deduct / adder
Project Benefit:	Some variability between parties
Uniformity:	Warranted updating
Definitions:	Rate 9
Cost Structure:	

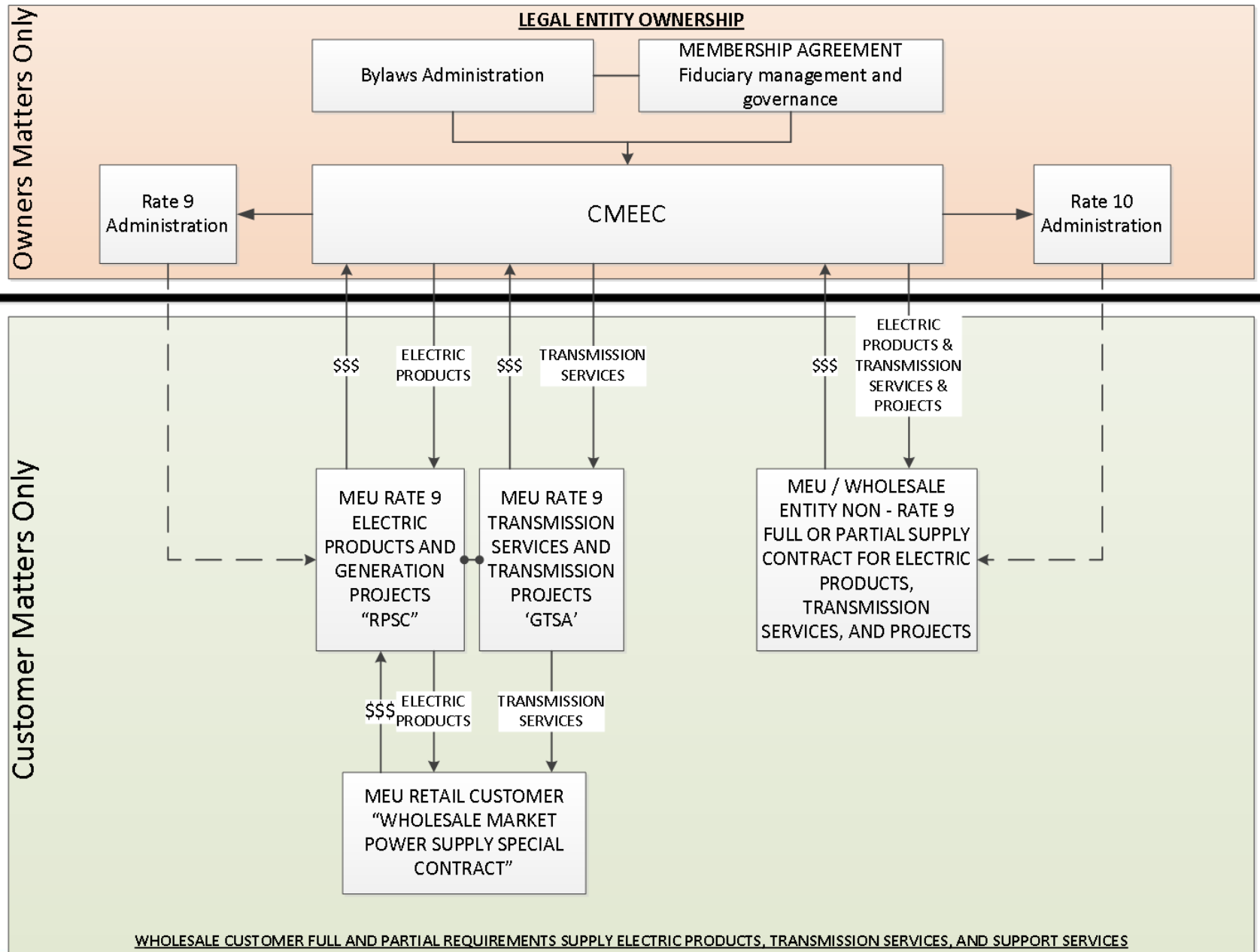


New RPSC

Function:	Electric Products"
Term:	40 Years
Termination:	2 Year Notice
Project Type:	Power only
Projects:	Ability to sell / buy others share
Project Benefit:	Applied to bill as deduct / adder
Uniformity:	Uniform to all parties
Definitions:	Updated
Cost Structure:	Rate 9 (revised), Fixed Cost Obligations continue if terminated

New GTSA

Function:	Transmission services
Term:	40 Years
Termination:	2 Year Notice
Project Type:	Transmission only
Projects:	Ability to sell / buy others share
Project Benefit:	Applied to bill as deduct / adder
Uniformity:	Uniform to all parties
Definitions:	Updated
Cost Structure:	Rate 9 (revised), Fixed Cost Obligations continue if terminated



Key Definitions

- **PSA - Power Supply Agreement**
 - Legacy agreement between CMEEEC and MEU for “full requirements” supply of electric products, including transmission – Membership and Customer
- **MA – Membership Agreement**
 - New agreement to between Members governing entry, exit, and terms & conditions of CMEEEC ownership
- **Membership Interest Level**
 - The percent ownership of CMEEEC
- **GTSA - General Transmission Services Agreement**
 - New agreement between CMEEEC and MEU for provision of transmission services, including transmitting all electric products and transmission project participation
- **RPSC - Replacement Power Supply Contract**
 - New agreement between CMEEEC and MEU for provision of “full requirements’ electric products and services, including power project participation
- **Electric Products**
 - Electric energy, capacity, ancillary services, support services, etc. to meet all MEU energy needs
- **Entitlement Allocation**
 - The percent ownership of a project, or portion of the energy portfolio

RPSC Summary

The major functional provisions / changes of the RPSC are:

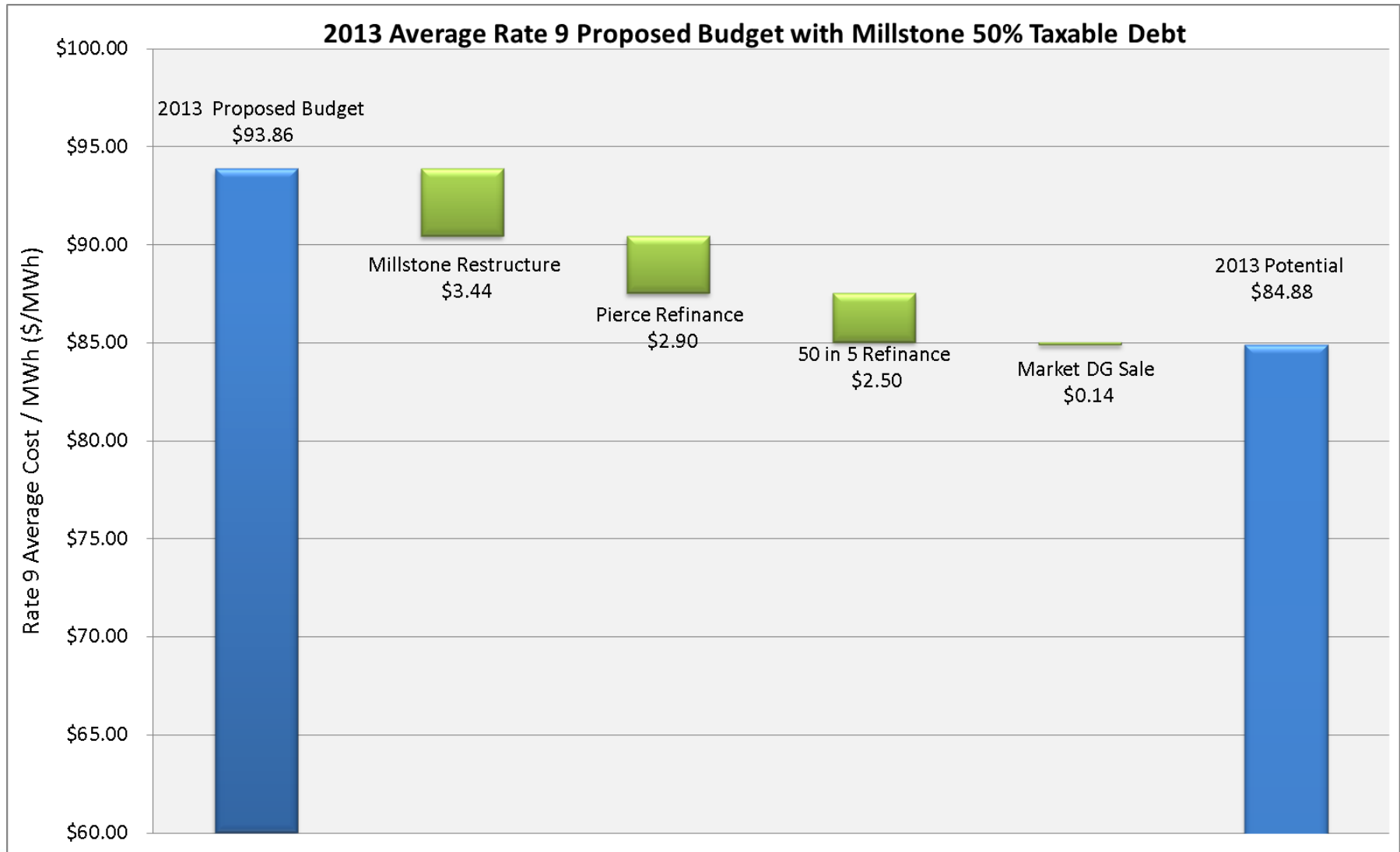
- Segregates Rate specific and Membership specific provisions to the appropriate structures – Rate 9 and Membership Agreement
 - Member benefit: more explicit understanding and specificity to purpose
- Updated existing formal terms' definitions and incorporate new formal terms due to changes since last amendment
- Entitlement Allocation in a Power Project may be acquired or sold between Participants, assuming no adverse impact to credit worthiness or tax exemption
 - MEU optionality benefit to acquire or sell entitlement allocation

RPSC Summary

The major functional provisions of the RPSC are:

- Project participation is not required by all Members
 - Allows for as few as one Member to participate
 - Members do have right of first refusal for participation on all projects
- Creates a more equitable A&G cost allocation on-going
- Contract term is forty (40) years
 - Permits longer tenor financing without need for contract revision / amendment for ~10 years
- Contract is available for early termination with two (2) years advance notice
 - Optionality for MEU to exit if required / desired
 - Holds remaining customers harmless for cost incurred on terminating party's interests

RPSC Immediate Benefit – appx \$10MM / Yr

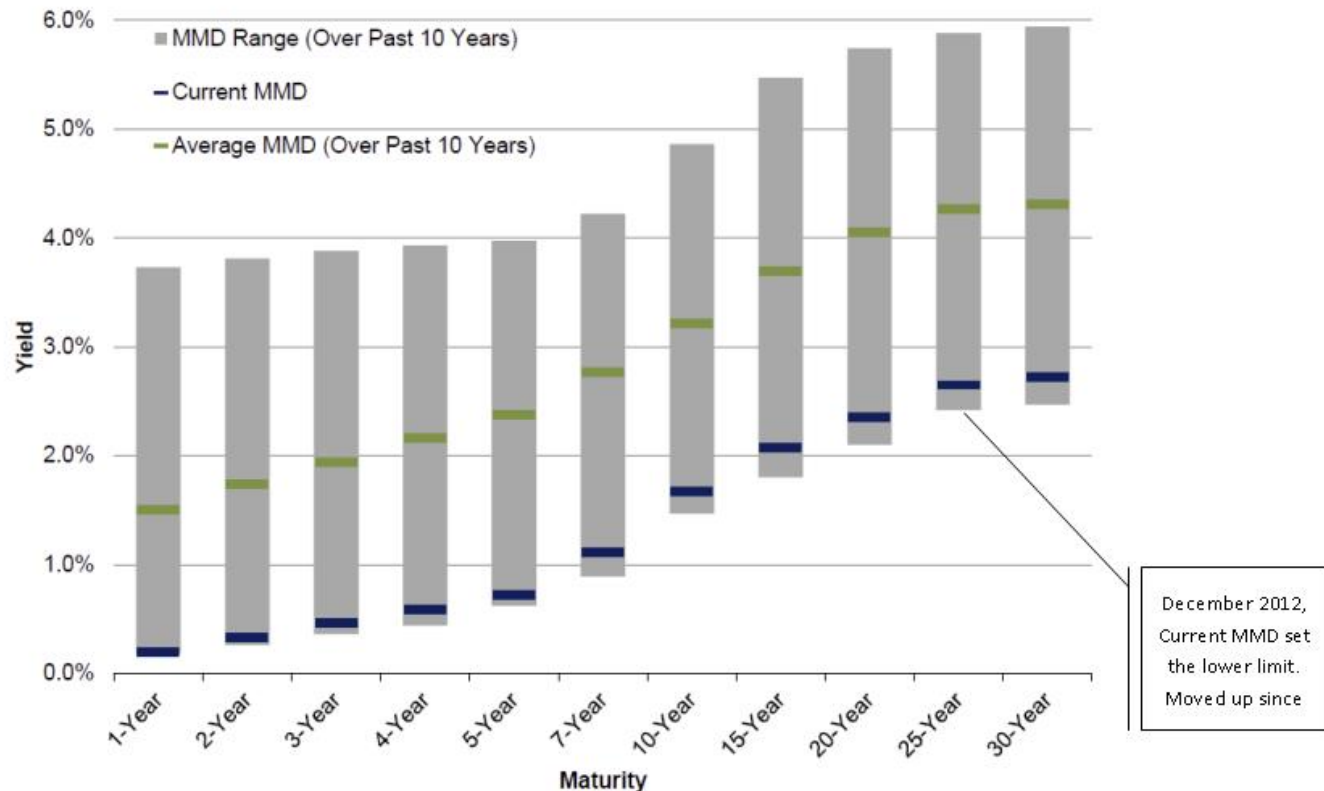


RPSC Benefit – Refinancing Context

Tax-Exempt Rate Position

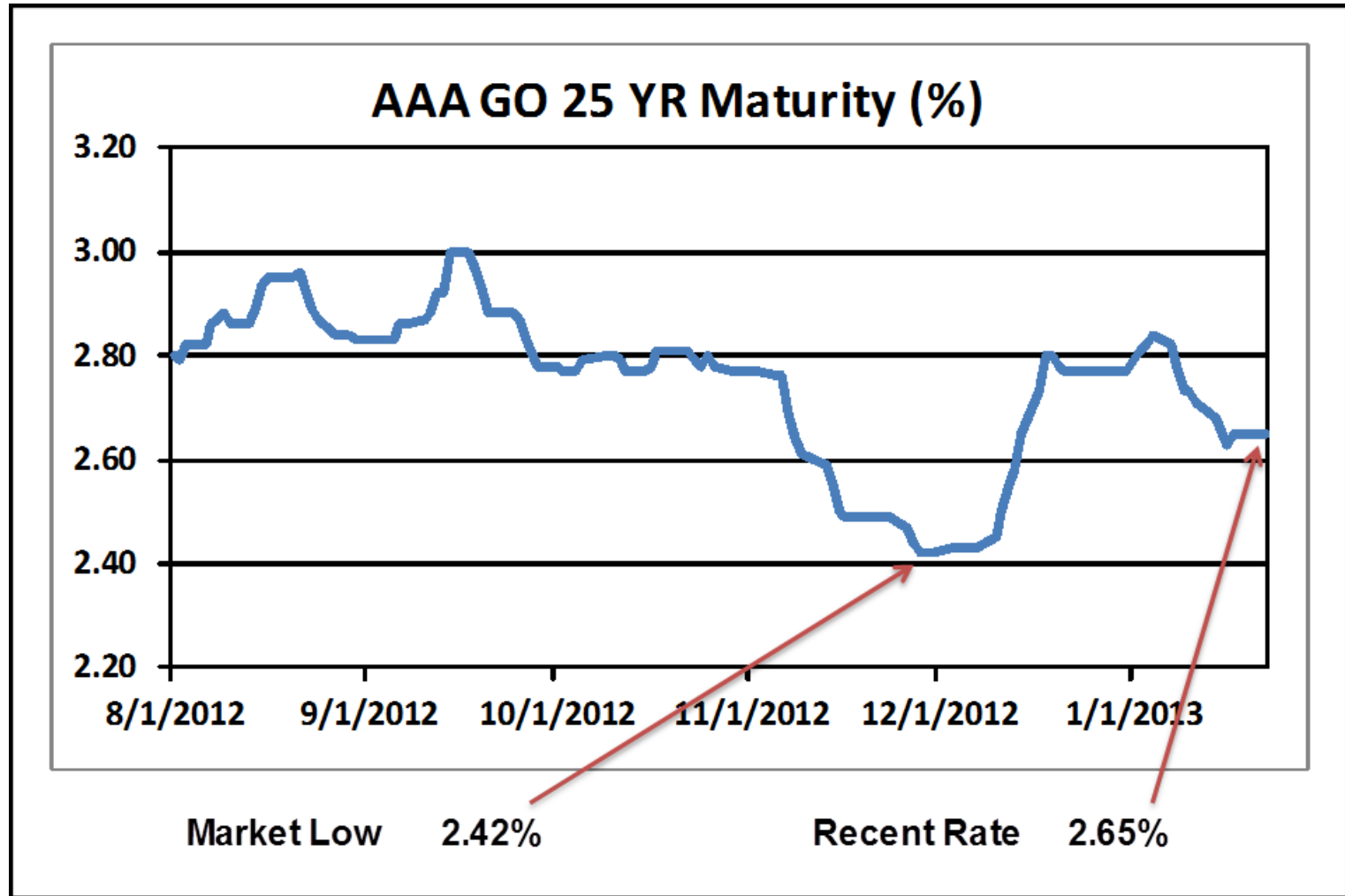


- While low yields continue to persist across the curve and exert downward pressure on 10-year averages for all maturities, they have come off recent lows (particularly in the later maturities) where they hovered at or near the lowest levels for the past 10 years.



One (1) basis point ~ \$75,000 Net Present Value Change

RPSC Benefit – Refinancing Context



One (1) basis point ~ \$75,000 Net Present Value Change

Governance and Operating Model Overview

CMEEC

Governance / Operating Model

CMEEC –Two Perspectives

- Member / Owner

- Governance Role and Responsibilities of Company
- Subject to Annual Determination via Membership Agreement

CMEEC Ownership					
Groton Utilities	Norwich Public Utilities	Bozrah Light & Power	South Norwalk Electric & Water	Third Taxing District	Jewett City Department Public Utilities
39.54%	27.70%	17.55%	7.89%	5.30%	2.02%

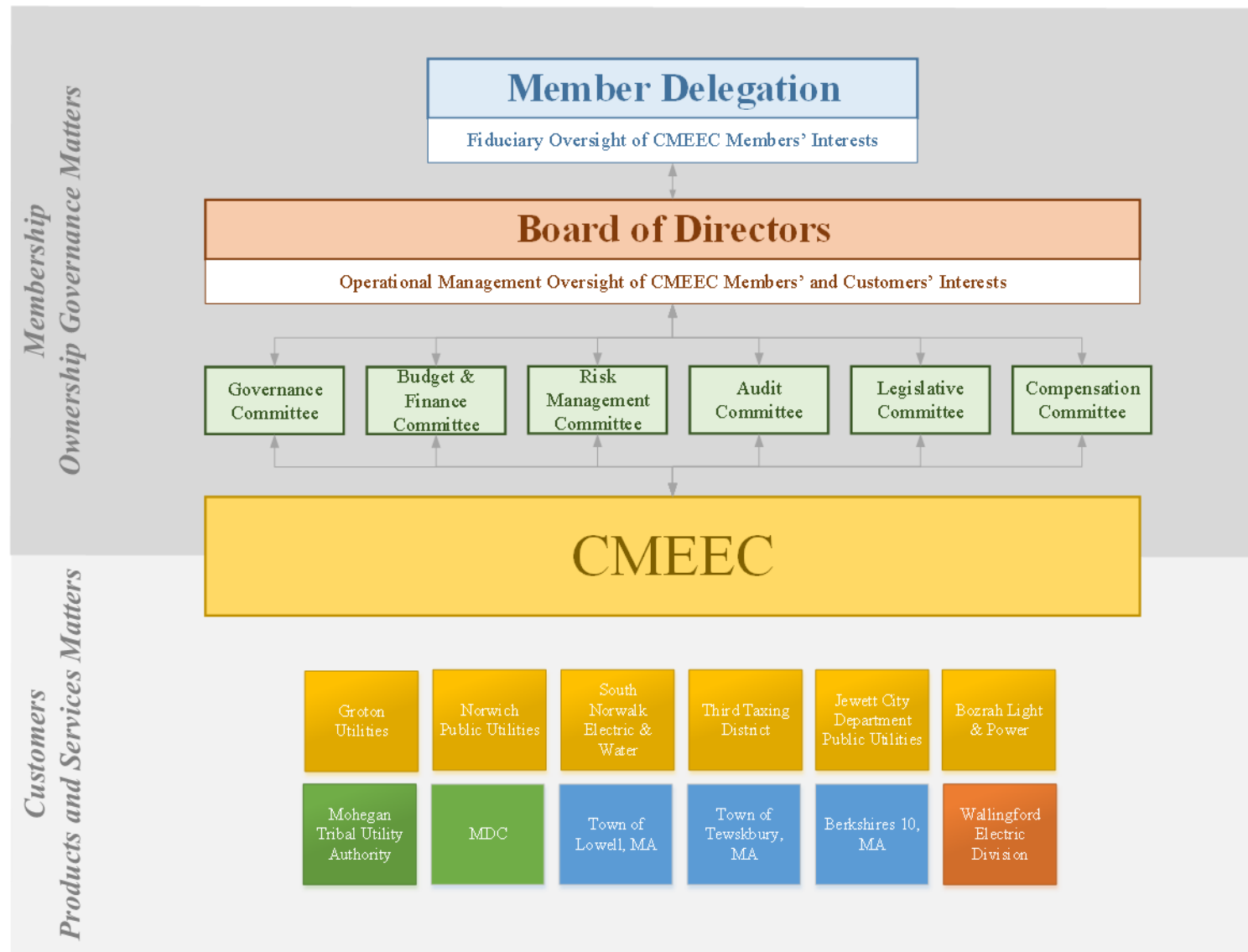
- Customer

- Purchases “Full Requirements” Energy from CMEEC
 - *Dual Affiliation Can Create Misunderstanding / Confusion*
 - *Structures Designed to Keep Ownership and Customer Functionally Separate, But Recognizes Inherent Uniqueness of Inter-relationship*

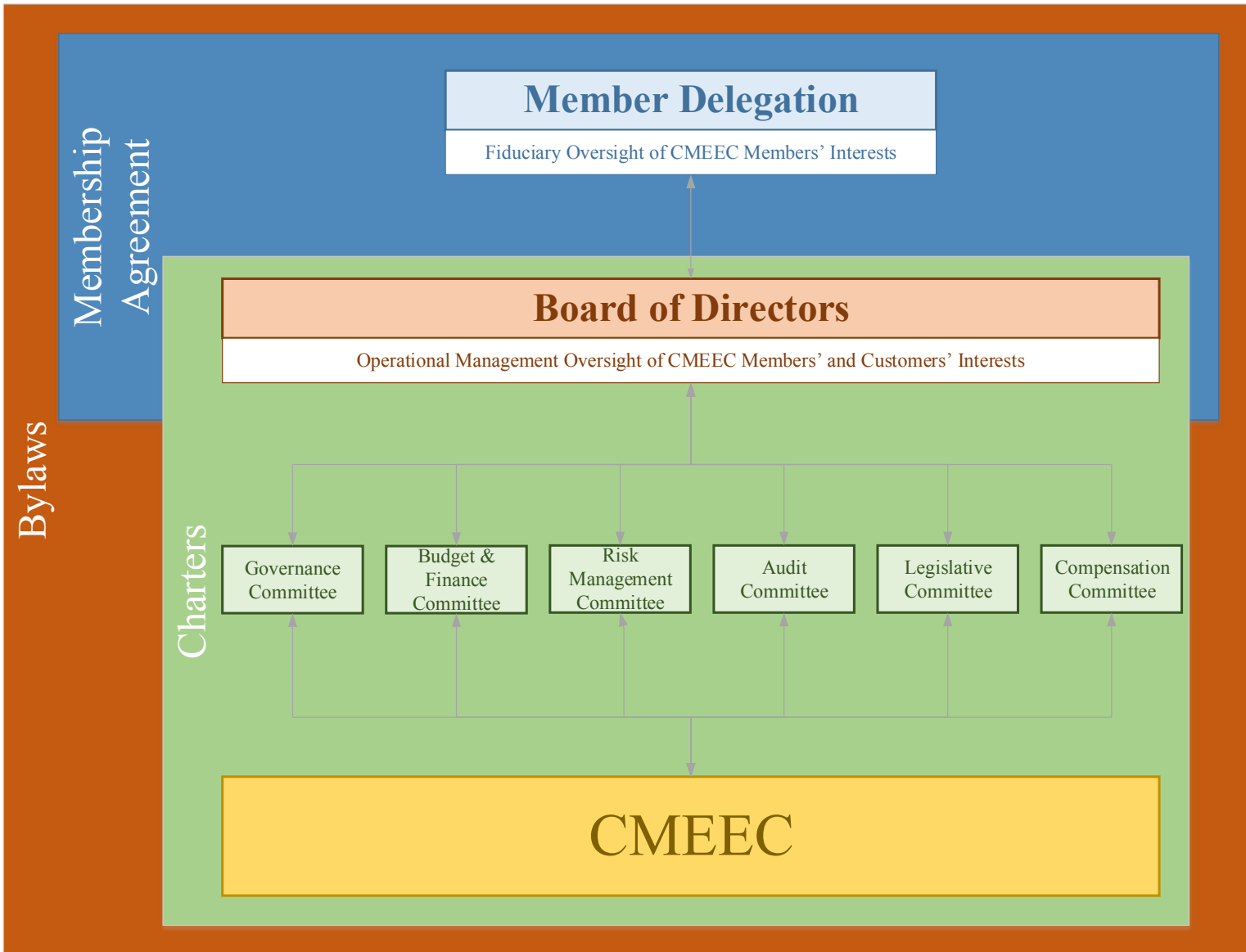
CMEEEC Business & Business Model

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 - Enabled Pursuant to Connecticut Statute
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Governance / Operating Model



Governance / Operating Model



Customer / Operating Model

CMEEEC

Rate 9

RPSC – GTSA

Groton
Utilities

Bozrah
Light &
Power

South
Norwalk
Electric &
Water

Third
Taxing
District

Norwich
Public
Utilities

Jewett City
Department
Public
Utilities

Rate 9

MOA - Springing Contracts

Wallingford
Electric
Division

Rate 10

INDIVIDUAL FULL REQUIREMENTS
CONTRACTS

Mohegan
Tribal
Utility
Authority

MDC

Rate 10

INDIVIDUAL PARTIAL REQUIREMENTS
CONTRACTS

Town of
Lowell, MA

Town of
Tewksbury,
MA

Berkshires
10, MA

Governance / Operating Model

Member Delegation:

- The CMEEC Member Delegation is established and shall serve as the body to oversee and administer the individual and collective ownership-related interests of the Members in CMEEC, in their capacity as Members of CMEEC.
- The CMEEC Member Delegation shall be established and shall operate pursuant to Article II of the Bylaws.
- The CMEEC Member Delegation scope of responsibilities shall include, but not be limited to ensuring the interests of the Member Delegation are achieved through the development and implementation of, and on-going execution to the CMEEC Vision, Mission, and Objectives by the CMEEC Board of Directors.
- The CMEEC Member Delegation shall possess the primary responsibility for managing all matters related to membership, equity requirements, and the financial stability of CMEEC

Member Representation:

- One Member Delegate per Member
 - One Member Delegate Alternative per Member

Member Delegation Bylaw Excerpts

SECTION 6.2. CMEEC Member Delegation.

The CMEEC Member Delegation is established and shall serve as the body to oversee and administer the individual and collective ownership-related interests of the Members in CMEEC, in their capacity as Members of CMEEC. The CMEEC Member Delegation shall be established and shall operate pursuant to Article II below. The CMEEC Member Delegation scope of responsibilities shall include, but not be limited to ensuring the interests of the Member Delegation are achieved through the development and implementation of, and ongoing execution to the CMEEC Vision, Mission, and Objectives by the CMEEC Board of Directors. The CMEEC Member Delegation shall possess the primary responsibility for managing all matters related to membership, equity requirements, and the financial stability of CMEEC, and as provided for in the voting requirements in Article II, applicable to the Member Delegation.

Governance / Operating Model

Board of Directors:

- The CMEEC Board of Directors, comprised of the Member Representatives, as further defined in the Bylaws, shall provide operational oversight of the CMEEC Chief Executive Officer in executing to and fulfilling the Vision, Mission, and Objectives.
- The CMEEC Board of Directors shall serve as the governing and oversight body for the individual and collective interests of the Members and customers of CMEEC, with such fiduciary duties as apply pursuant to the Act and Applicable Law, with respect to CMEEC's operations and in otherwise fulfilling the purposes as stated in Section 6.3 of the Bylaws, and as further defined in Article III, and in Article IV thereof.

Member Representation:

- Two Member Representatives per Member Utility / Commission
 - Two Member Representative Alternates per Member Utility / Commission
- One Member Representative per Member Municipality

Board of Directors Bylaw Excerpts

SECTION 6.3. CMEEC Board of Directors.

The CMEEC Board of Directors shall serve as the governing and oversight body for the individual and collective interests of all the Members and all customers of CMEEC, with such fiduciary duties as apply pursuant to the Act and Applicable Law, with respect to CMEEC's operations and in otherwise fulfilling the purposes as stated in this Section 6.3, and as further defined in Article III, and in Article IV hereof. The CMEEC Board of Directors, comprised of the Member Utility Representatives, Alternate Utility Representatives, and Municipal Representatives, as further defined herein, shall provide operational oversight of the CMEEC Chief Executive Officer in executing to and fulfilling the Vision, Mission, and Objectives.

CMEEEC

Business Model / Roadmap /
Vision - Mission – Objectives /
Dashboard

CMEEC

Business Model / VMO

CMEEC –Two Perspectives

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- Customer

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CMEEC Business & Business Model

Excerpt from CMEEC Bylaws and as Enabled Through CT General Statutes Chapter 101a

SECTION 5. PURPOSES.

The purposes for which CMEEC is organized are to undertake: (a) the procurement, management, provision, and transmission of electric products, including, but not limited to, electric commodity, ancillary and support services, and transmission services; (b) the planning, financing, development, acquisition, construction, reconstruction, improvement, enlargement, betterment, operation, and maintenance of a project or projects to supply electric power and energy for the present and future needs of its Members, and others as contractually provided; and (c) to do and perform all acts and things for the benefit of its Members, and others as contractually provided, which by law, expressed or implied, it is authorized, empowered, or permitted to do and perform.

CMEEEC Business Model Evolution

- Not in criticism, but in contextual awareness
- Legacy Business Model 1976 - 2010
 - Largely customer captive / “franchise” monopoly
 - Activity / Narrative based
 - Highly regulated industry through 90s, slow to adapt to technology, customer choice, commoditization of commodity
 - Typical, non differentiating Vision – Mission. No objectives, no metrics
 - Little to No functional accountabilities / clear roles & responsibilities
- 2011 to Present – Board Induced Transformation
 - Commodity business
 - Enhanced Value Proposition based focus
 - Differentiating, Aspirational / Inspirational Vision – Mission, Objectives
 - Performance Driven / Objective data based Strategic Measurement System
 - Process engineering based model of continuous improvement / performance
 - Absolute roles & responsibilities clarity, actualizing & engaged environment
 - Competitive based survival, no monopoly, 2 Year Contracts
 - Increasing industry complexity driven by technology, choice, control

CMEEC Business & Business Model

CMEEC's Vision – Our “Why”

We Energize Customers and Community Prosperity

CMEEC's Mission – Our “How”

Delivering Sustained Lower Cost Energy Solutions

CMEEC's Objectives

*Regional Competitiveness – Financial Stability – Customer Fulfillment – Maximize Asset Value -
Supply Reliability – Organizational Leadership – Workforce Development – Regulatory Stewardship
– Safe Workplace*

CMEEC's Core Values

Be Accountable: To Actions, to Behaviors, to Results, Do What You Say

Grow & Improve: Change is Good & Necessary, Seize Your Potential, Learn a New Skill

Inspire Progress: Energize Others, Embrace Constructive Change, Find the Better Way

Learn From Mistakes: Be Right More than Wrong, Acknowledge, Leverage & Apply Learning

Pursue Excellence: Do What is Right, Make Your Best Effort, Create Positive Solutions

CMEEC Business Model – Objectives

OBJECTIVE	DEFINITION	CEO ENTERPRISE METRICS
Regional Competitiveness	Manage comprehensive portfolio to provide Electric Products to Member utility and participant customers at competitive costs (>40% advantage) across the region. Maintain lowest cost to provide essential service to the community and maintain long-term financial integrity.	<ul style="list-style-type: none"> • Total Member Return comparison to Regional Benchmark (IOU Std Serv) • Power Cost Only comparison to Regional Benchmark (IOU Std Serv) • “All in” Affordability Index CMEEC / CPI Change Ratio
Financial Stability	Enable the organization to continue its path of excellence by managing the operation to maintain and improve credit rating, attain revenue plans, and to meet operating and capital budgets.	<ul style="list-style-type: none"> • OpEx Performance (budget to projected to actual) • CapEx Budget Performance (budget to projected to actual) • Debt Equity Ratio, Days Cash on Hand, Credit Rating, • Current Ratio, Hedge Effectiveness, Risk Management Policy Compliance
Supply Performance / Reliability	Plan, deploy, and manage operations and assets to ensure supply performance and reliability meets or exceeds established standards and customer expectations. Ensure compliance with reliability consortium standards.	<ul style="list-style-type: none"> • Asset Equivalent Availability, Equivalent Forced Outage Rate, Heat Rate • ISO Compliance and Registration, • MEU SAIDI Impacts from Supply Related Interruptions
Customer Fulfillment	Meet and exceed customer qualitative impressions on a continuing basis in communication, cost performance reconciliation, forward cost projections, and balance of service performance	<ul style="list-style-type: none"> • TMR / Power Cost Only Budget - Forecast - Actual Accuracy / Reconciliation • Monthly PRISM Sessions Fulfilled • Monthly Forecast Publish Frequency and Timeliness • Composite Survey Index Results • Conservation & Load Management Metrics Effectiveness
Maximize Asset Value	Achieve the highest level of value for stakeholders and return on assets by continuously improving business processes to positively impact resource utilization, efficiency, and effectiveness.	<ul style="list-style-type: none"> • CMEEC Member Margin, CMEEC Member Margin Growth • Physical Asset Project Net Benefit (Yield % and \$) • Financial Asset Net Benefit (Yield % and \$) • Energy Hedge Effectiveness • Business Process Improvements, (#, \$ value created)
Organizational Leadership	Establish and set the direction of the organization, develop and enhance individual and corporate ability, promote organizational sustainability by providing positive visibility and leadership within CMEEC / TRANSCO and the communities, as well as industry and regulatory agencies.	<ul style="list-style-type: none"> • Non Profit Donations, Used Equipment Reinvestment, • Community Volunteerism, • Agency(s) Board Roles, • Employee Engagement Q12 • Employee Turnover Ratio • Industry Affiliation Participation
Workforce Development	Ensure the skills and knowledge required to effectively perform business processes are readily available to the organization in all positions, in the appropriate locations, and in prudent numbers, today and into the future.	<ul style="list-style-type: none"> • Succession Planning Compliance, • Forms 1,2,3 Fulfillment, Development Plan Compliance, • Key Position Skills at Risk • People Analyzer / GWC
Regulatory Stewardship	Meet or exceed compliance with regulatory (federal, state, and local) rules and guidelines. Ensure any deviations from regulations are noted, corrective action is implemented, and repeat incidents do not occur. Inculcate regulatory stewardship throughout the organization.	<ul style="list-style-type: none"> • Compliance Level, (NERC, EPA, DEEP, etc) • Conservation & Load Management Compliance • Sustainability Strategy Fulfillment and Advancement (3 Es) • Voluntary Initiatives Beyond Regulation,
Safe Workplace	Create and sustain a workplace environment in which employees and contractors effectively perform their duties without unreasonable threat of physical harm. Operate facilities, plants, and vehicles to ensure a safe environment for communities, structures, and people.	<ul style="list-style-type: none"> • Near Hits Rate • Incident Rate, • Recordable Rate, • Lost Time Rate

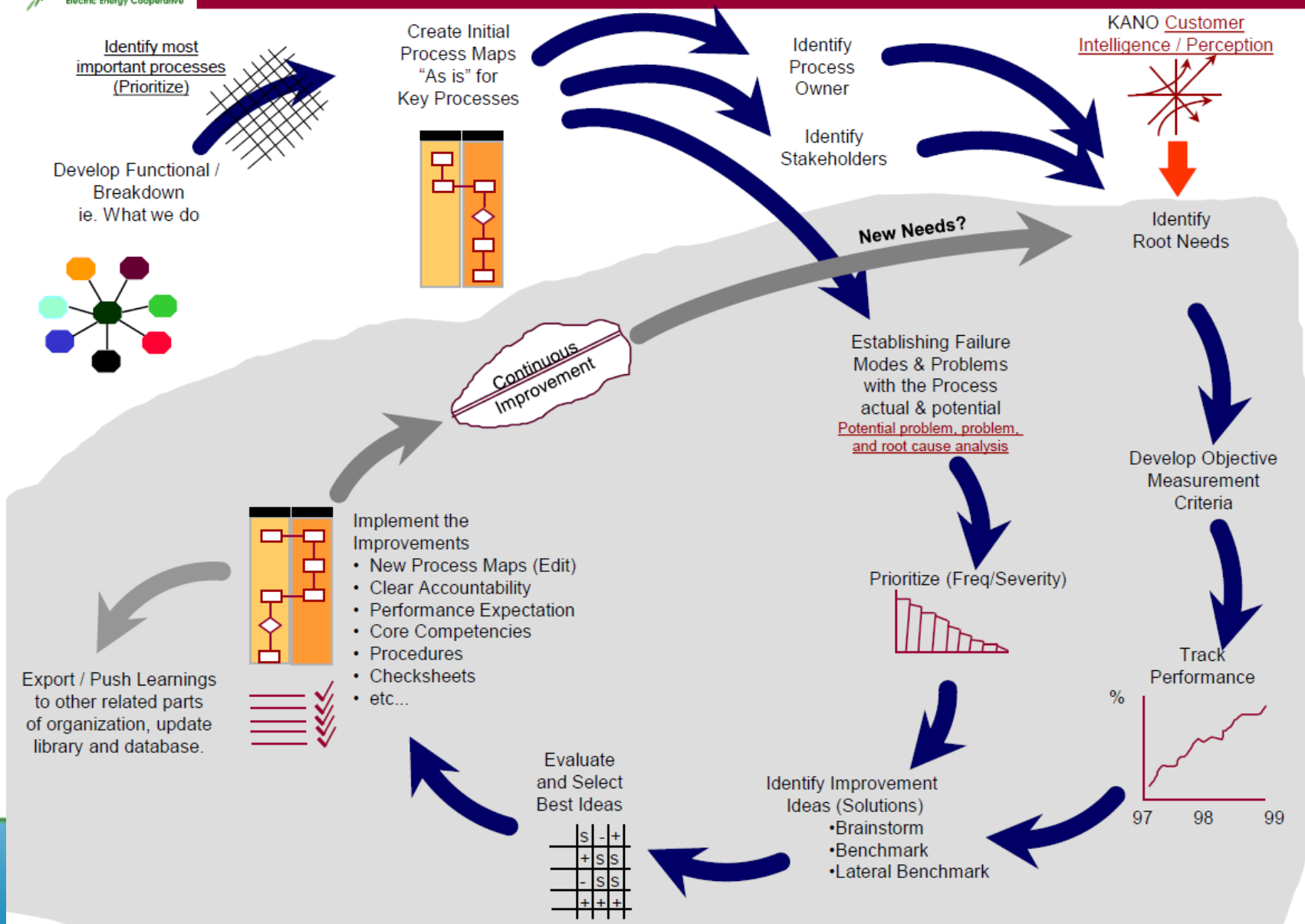
CMEEEC Business & Business Model

- Vision, Mission, Objectives, and Core Values Deeply Incorporated Into & Driving Operations
- CMEEEC Utilizes Objective Metric “Total Member Return” to Challenge Ourselves and Quantify Vision and Mission Actual Performance Level
 - CMEEEC’s “Master Metric”
 - Measures Wholesale Regional Competitiveness of CMEEEC Performance (Products, Services, Projects)
 - Members’ Wholesale Net Cost of Energy Compared to the Wholesale Regional Benchmark
 - Rating Agency Perspective

Process Engineering Based Model



High - Level Process Optimization Roadmap



CMEEEC Model – Highly Structural



CMEEEC Enterprise Accountability Chart – Level One

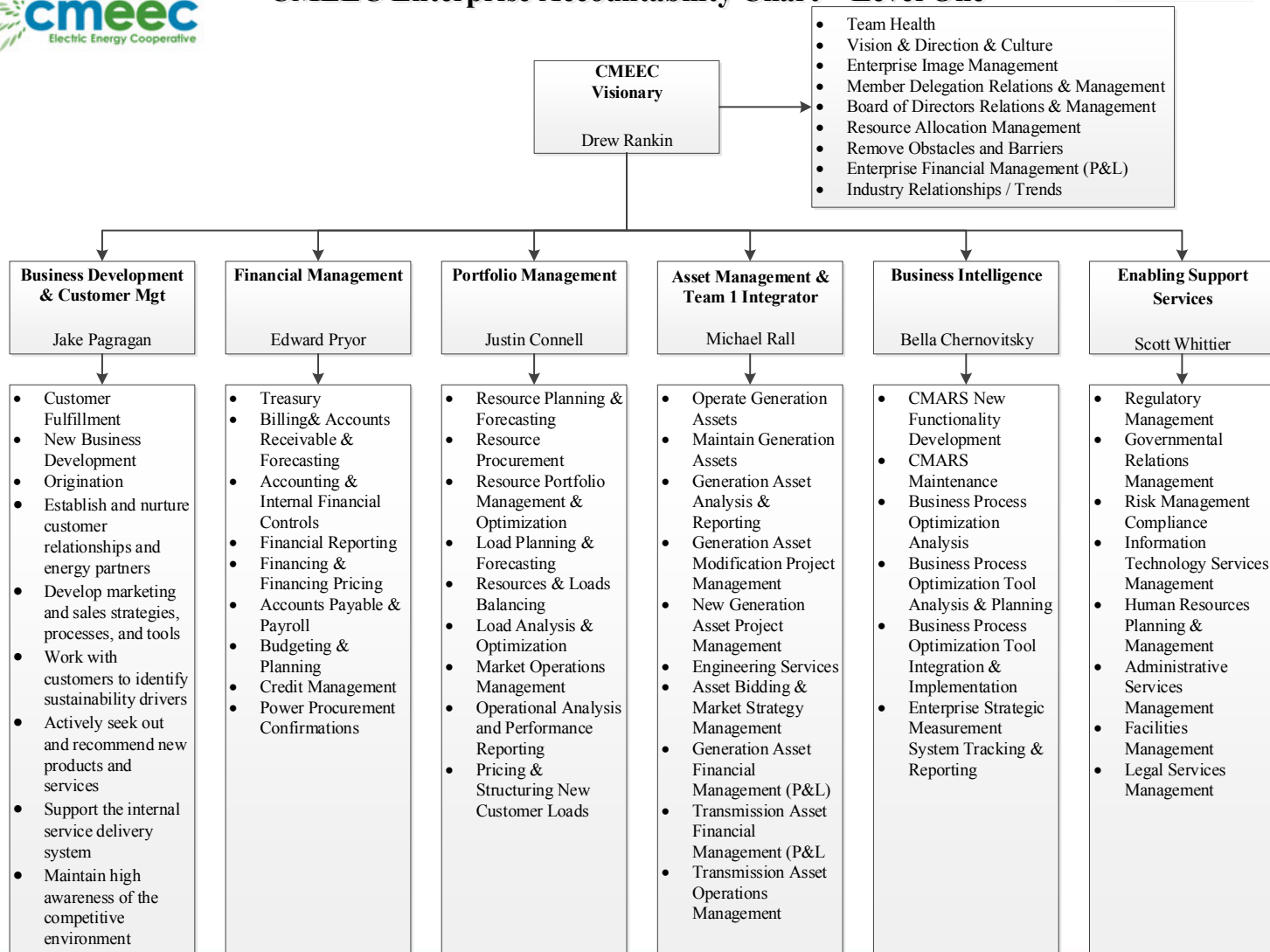
01/02/2018

Total Staff:

32 - 36

Annual Revenues:

\$250MM - \$300MM



CMEEC Business Model – Our VTO

2018 VISION / TRACTION ORGANIZER

VISION

CORE VALUES	<u>The Values We Live and Honor</u> 1. Be Accountable <i>To Actions, to Behaviors, to Results, Do What You Say</i> 2. Grow & Improve <i>Change is Good & Necessary, Seize Your Potential, Learn a New Skill</i> 3. Inspire Progress <i>Energize Others, Embrace Constructive Change, Find the Better Way</i> 4. Learn From Mistakes <i>Be Right More than Wrong, Acknowledge, Leverage & Apply Learning</i> 5. Pursue Excellence <i>Do What is Right, Make Your Best Effort, Create Positive Solutions</i>	3-YEAR PICTURE
CORE FOCUS	<u>CMEEC Purpose / Cause / Passion:</u> <i>We Energize Customers and Community Prosperity</i> <u>CMEEC Niche:</u> <i>Delivering Sustained Lower Cost Energy Solutions</i>	<u>Future Date:</u> December 31, 2018 @ 4:59 PM <u>Total Member Return:</u> Member Net Cost > 35% Lower Than Regional Benchmark on Three Year Rolling Average ➤ ~\$200MM Cumulative Savings <u>Value Creation in 2018:</u> ➤ Power Cost Only @ 15% Deviation ➤ \$8,200,000 CMEEC Margin ➤ \$3,000,000 Equity Created ➤ \$13,000,000 Project(s) Member Share Benefit <u>Measurables in 2018:</u> ➤ 20 Total Customers (14 current?) ➤ 3,000,000 MWh Energy Sales (1.6M current) ➤ 8 Total Projects In Service (for \$ net benefit) ➤ Financial (all) Stability Metrics > Target
10-TARGET	<u>Future Date:</u> December 31, 2021 @ 4:59 PM <u>Total Member Return:</u> Member Net Cost > 40% Lower Than Regional Benchmark on Three Year Rolling Average ○ ~\$300,000,000 Cumulative Savings over Regional Benchmark	
MARKETING STRATEGY	<u>Target Market:</u> ➤ Municipal Utility Authorities in New England ➤ Town Aggregations >3 Year Term, >50,000 MWh, Cost Plus Structure ➤ Large Industrial / Commercial >5 MW or 10,000 MWh Annual Energy <u>Three Unique CMEEC Capabilities:</u> ➤ Intelligence / Granularity – Customer Relevant Numbers Insight, All Ways - Always ➤ Customized Solutions & Options – More Ways to Control & Achieve Sustained Lowest Cost ➤ Fiduciary Agent – As Non-Profit – Your Prosperity is Our Purpose – Why We Exist! <u>Proven Processes:</u> ➤ Market Variables Management ➤ Innovative New Products and Services to Achieve Customer Principles ➤ Time of Use Wholesale Structuring ➤ Risk Optimization and Value Sharing ➤ Explicit Modest Fees and Margins, with Validation Ability ➤ Managing to Least Customer Cost <u>Guarantee:</u> ➤ Customer Sustained Least Cost Target Achievement, or CMEEC Fee Decreases with Under Performance	<u>What Does CMEEC Look Like in 2018:</u> ➤ Actualizing and engaging environment for each employee and as a whole ➤ Nationally & locally recognized for customer value and a positive force for good ➤ Physical & social work environment is reflective of, and complementary to, employee core values ➤ “Best practice” leader, optimizing talent, processes, and tools ➤ Highly skilled staff with clear roles and enhanced collaboration ➤ Utilizing the latest tools and technologies both inside and outside of the office ➤ Superior product offerings through enhanced functional capabilities across all departments ➤ The unrivaled and trusted partner of existing and future customers ➤ Regular service days in our communities

CMEEC Business Model – Our VTO

2018 VISION / TRACTION ORGANIZER

TRACTION

1-YEAR PLAN	ROCKS	ISSUES LIST																																			
<p><u>Future Date:</u> December 31, 2018 @ 4:59 PM</p> <p><u>Total Member Return:</u> Member Net Cost > 45% Lower Than Wholesale Benchmark on One Year Basis</p> <ul style="list-style-type: none">o ~\$43.5MM Savings <p><u>Value Creation in 2018</u></p> <ul style="list-style-type: none">➤ \$106 / MWh Power Cost Only (\$15.9M value)➤ \$4,600,000 CMEEC Margin<ul style="list-style-type: none">o \$8.2M proposed➤ \$2,500,000 Equity Created<ul style="list-style-type: none">o \$3.0M proposed➤ \$11,300,000 Project(s) Member Share Net Benefit<ul style="list-style-type: none">o \$13.0M proposed➤ Need additional \$3.4M for 45% using proposed values <p><u>Goals for 2018:</u></p> <table><tr><td>1</td><td></td></tr><tr><td>2</td><td></td></tr><tr><td>3</td><td></td></tr><tr><td>4</td><td></td></tr><tr><td>5</td><td></td></tr><tr><td>6</td><td></td></tr><tr><td>7</td><td></td></tr></table>	1		2		3		4		5		6		7		<p><u>Future Date:</u> March 30, 2018 @ 4:59 PM</p> <table><tr><th colspan="3">CMEEC Company Rocks March 30, 2018</th></tr><tr><td></td><td></td><td></td></tr><tr><td>1</td><td></td><td></td></tr><tr><td>2</td><td></td><td></td></tr><tr><td>3</td><td></td><td></td></tr><tr><td>4</td><td></td><td></td></tr><tr><td>5</td><td></td><td></td></tr></table>	CMEEC Company Rocks March 30, 2018						1			2			3			4			5			
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CMEEC Performance Trend

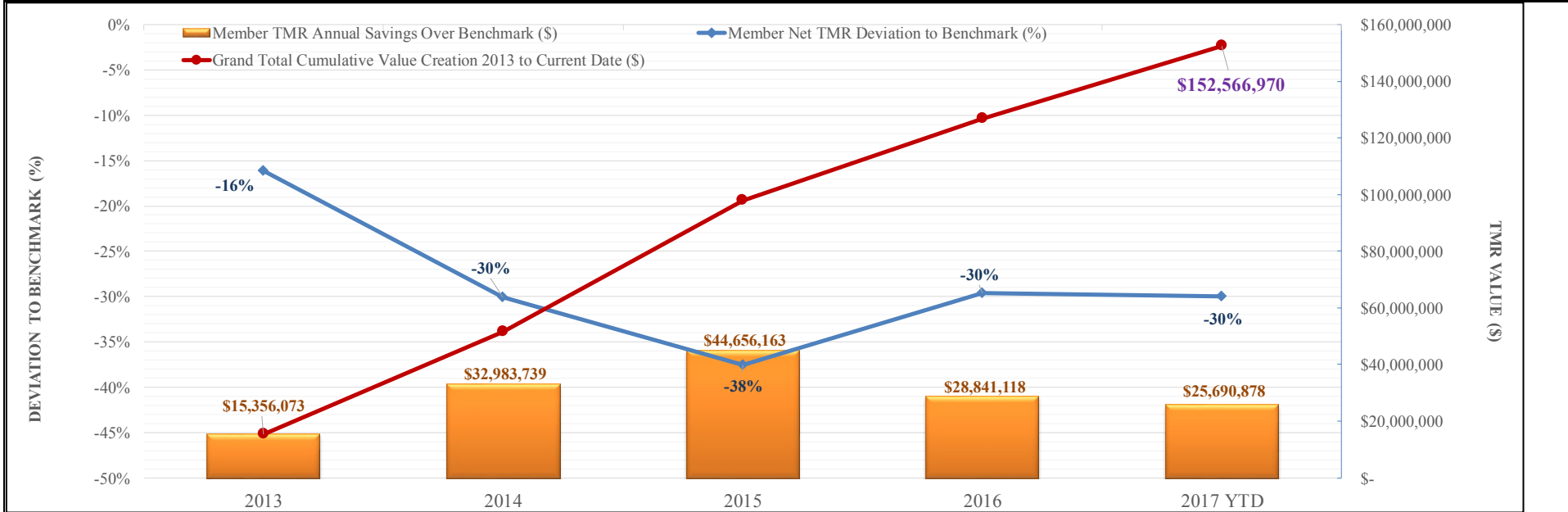
Through November

CMEEC 2017 Regional Competitiveness Performance - through November

	2013	2014	2015	2016	2017 YTD	2018	2013 - 2018 Target
Member Net TMR Deviation to Benchmark (%)	-16%	-30%	-38%	-30%	-30%		-35%
Member TMR Annual Savings Over Benchmark (\$)	\$ 15,356,073	\$ 32,983,739	\$ 44,656,163	\$ 28,841,118	\$ 25,690,878		\$ 200,000,000
Member TMR Cumulative Savings Over Benchmark (\$)	\$ 15,356,073	\$ 48,339,812	\$ 92,995,975	\$ 122,105,625	\$ 147,796,503	\$ 147,796,503	
Regional Benchmark Wholesale Cost (\$ / MWh)	\$103.41	\$120.40	\$130.39	\$113.41	\$114.70		
Member TMR Net Cost (\$ / MWh)	\$91.44	\$88.92	\$85.60	\$80.12	\$81.13		
Member TMR Savings Over Benchmark (\$ / MWh)	\$11.97	\$31.48	\$44.79	\$33.29	\$33.56		
Excess Equity Issuance Above Annual Equity Creation		\$ 3,173,000	\$ 1,866,000	\$ -			
Grand Total Cumulative Value Creation 2013 to Current Date (\$)	\$15,356,073	\$ 51,512,812	\$ 98,034,975	\$ 126,876,093	\$ 152,566,970		

Regional Benchmark: Standard Offer Wholesale Equivalent Cost \$ / MWh

TMR: Total CMEEC Return - Power Cost, less Non Member Fees, less Project Benefit, less Equity Created



CMEEC Performance Scorecard

Company / Board View – thru November

CMEEC Master Dashboard													
Objective and Metric		Performance Month (November 2017)				Year to Date / Trend Over Measure Period				2017 Year End			Page #
Regional Competitiveness		Metric	Target Value	Actual Value	Variance (value)	Variance (%)	Target Value	Actual	Variance (value)	Variance (%)	Target Value	Projected	
Deviation To Benchmark TMR View		%	-30%	-26%	4%	-13%	↓	-30%	-30%	0%	0%	→	→
Deviation To Benchmark R9 View		%	-25%	-13%	12%	-49%	↓	-25%	-14%	11%	-44%	↓	↓
Customer Fulfillment		Metric	Target	Actual	Variance (value)	Variance (%)	Target	Actual	Variance (value)	Variance (%)	Target Value	Projected	
"All In" Cost TMR View		\$/MWh	\$ 86	\$ 87	\$1	1%	→	\$ 84	\$ 81	(\$3)	-3%	↑	↑
"All In" Cost R9 Customer View		\$/MWh	\$ 104	\$ 103	(\$1)	-1%	→	\$ 100	\$ 99	(\$1)	-1%	→	→
Financial Stability		Metric	Target	Actual	Variance (value)	Variance (%)	Target	Actual	Variance (value)	Variance (%)	Target Value	Projected	
Risk Management Plan Compliance		Yes/No	Yes	Yes	NA	NA	↑	Yes	Yes	NA	NA	↑	↑
Current Ratio		Ratio	2.20	2.54	0.34	15%	↑	2.20	2.54	0.36	16%	↑	↑
Equity to Debt		%	20%	31%	11%	55%	↑	20%	31%	11%	55%	↑	↑
Days Cash On Hand		Days	100	155	55	55%	↑	100	155	131	131%	↑	↑
Net Non Fuel Operating Expense		\$	\$ 464,193	\$ 522,322	\$ 58,129	13%	↓	\$ 5,916,413	\$ 7,663,743	\$ 1,747,330	30%	↓	↓
Maximize Asset Value		Metric	Target	Actual	Variance (value)	Variance (%)	Target	Actual	Variance (value)	Variance (%)	Target Value	Projected	
Pierce		\$	\$ 188,821	\$ 95,236	\$ (93,585)	-50%	↓	\$ 309,506	\$ 338,457	\$ 28,951	9%	↑	↑
Market DG		\$	\$ (8,278)	\$ (92)	\$ 8,186	99%	↑	\$ (79,585)	\$ (32,898)	\$ 46,687	59%	↑	↑
MicroGen		\$	\$ 490,892	\$ 421,482	\$ (69,410)	-14%	↓	\$ 4,112,553	\$ 3,982,710	\$ (129,843)	-3%	↓	→
Transmission Project #1		\$	\$ (38,193)	\$ (19,038)	\$ 19,155	50%	↑	\$ 819,344	\$ 775,157	\$ (44,187)	-5%	↓	↓
Hydro-Quebec		\$	\$ 76,351	\$ 77,814	\$ 1,463	2%	→	\$ 703,287	\$ 576,603	\$ (126,684)	-18%	↓	↓
CMEEC Margin		\$	\$ 353,907	\$ 75,389	\$ (278,518)	-79%	↓	\$ 4,084,871	\$ 3,038,297	\$ (1,046,574)	-26%	↓	↓
CMEEC Equity		\$	\$ 367,729	\$ 550,000	\$ 182,271	50%	↑	\$ 4,045,019	\$ 5,976,276	\$ 1,931,257	48%	↑	↑
CMEEC Investment Performance		\$	\$ 38,000	\$ 65,404	\$ 27,404	72%	↑	\$ 418,000	\$ 663,588	\$ 245,588	59%	↑	↑
CMEEC Investment Performance		%	1.00%	1.14%	0.14%	14%	↑	1.00%	1.21%	0.21%	21%	↑	↑
Total Asset Portfolio		\$	\$ 1,469,229	\$ 1,266,195	\$ (203,034)	-14%	↓	\$ 14,412,995	\$ 15,318,190	\$ 905,195	6%	↑	↑
Red Arrow = Negative Variance > 2.5% of Target Yellow Arrow = Cautionary Variance +/- 2.5% of Target Green Arrow = Positive Variance > 2.5% of Target													

CMEEC Business Model – Master Metrics

CMEEC Master Metric(s) Quantifying our Vision / Mission

- **Regional Competitiveness Total Member Return “TMR”** (1 Year, 3 Year Rolling Average)
 - Measured by comparing Member Net Wholesale Cost to Regional Benchmark
 - Regional Benchmark is the region’s predominant source of wholesale energy cost
- **Regional Competitiveness Power Cost Only** (1 Year, 3 Year Rolling Average)
 - Measured by comparing Member Wholesale Power Cost to Regional Benchmark
 - Regional Benchmark is the region’s predominant source of wholesale energy cost
- **Customer Fulfillment – Member TMR Net Wholesale Actual Cost Deviation to Budget Cost**
 - Measured by comparing Member TMR Actual Net Wholesale Cost to Budgeted Net Wholesale Cost
- **Customer Fulfillment – Member Power Cost Only Wholesale Actual Cost Deviation to Budget Cost**
 - Measured by comparing Member Power Cost Only Actual Net Wholesale Cost to Budgeted Net Wholesale Cost

Typical Board “Package”

TO: Directors and Officers
FROM: Kenneth Sullivan, Drew Rankin
DATE: December 15, 2017
SUBJECT: Agenda for the CMEEC Board of Directors' Meeting, Thursday, December 21, 2017

Attached is the Agenda for the CMEEC Regular Board of Directors' Meeting which is scheduled at The Norwich Inn and Spa, 607 West Thames Street, Norwich, CT, on Thursday, December 21, 2017 beginning at 10:00 a.m. Lunch will immediately follow

AGENDA

Standard Action Items

Agenda Item	Topic	Tab	Page Number
A	Approve Minutes of CMEEC Annual and Regular November 16, 2017 Board of Directors Meeting	1	3

Specific Action Items

Agenda Item	Topic	Tab	Lead	Page Number
B	November 2017 Objective Summary Review (Informing)	2	Drew Rankin	9
C	Projected Year End 2017 and Significant Achievements (Informing)	3	Drew Rankin	13
D	Pierce and MicroGen 2017 Performance (Informing)		Mike Rall	
E	November 2017 Energy Market Analysis (Informing)	4	Hao Ni	45
F	ISO-New England Markets 101 (Board Development)		Brian Forshaw	
G	Forensic Examination Budget Allocation (Resolution Vote)	5	Mike Lane	19

Objectives Summary Review

Elective Additional Review as Desired

Executive Session

General Counsel Debrief on Arbitration

SUBJECT TO FINAL BOARD APPROVAL
ANNUAL AND REGULAR NOVEMBER MEETING OF
THE BOARD OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

November 16, 2017

Norwich Inn & Spa
607 West Thames Street, Norwich, Connecticut

MINUTES

The Annual and Regular November Meeting of the Board of Directors of the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) was held on Thursday, November 16, 2017, at the Norwich Inn & Spa, 607 West Thames Street, Norwich, CT.

The meeting was legally noticed in compliance with Connecticut State law and all proceedings and actions hereinafter recorded occurred during the publicly open portions of the meeting.

In the absence of the Chairman and Vice-Chairman, Secretary Louis Demicco called the meeting to order at 10:13 a.m. and determined a quorum was present.

Representatives	Groton -	Ronald Gaudet, Keith Hedrick
Of the Members	Norwich -	Dr. Grace Jones, Stewart Peil
Present:	Jewett City -	Louis Demicco, Richard Throwe
	East Norwalk -	David Brown, Kevin Barber, Debora Goldstein
	Bozrah -	David Collard, Richard Tanger, Ralph Winslow

Also present were the following:

Drew Rankin, CMEEC, Chief Executive Officer
Edward Pryor, CMEEC, Chief Financial Officer
Robin Kipnis, CMEEC, General Counsel
Justin Connell, CMEEC, Director, Portfolio Management
Michael Rall, CMEEC, Director, Asset Management
Michael Lane, CMEEC, Controller
Scott Whittier, CMEEC, Director, Enabling Services
Patricia Meek, CMEEC, Financial Planning & Analysis Manager
Jake Pagragan, CMEEC, Director of Customer & Community Prosperity
Ellen Kachmar, CMEEC, Office & Facility Manager
Dylan Phillips, CMEEC, Risk Analyst
Margaret Job, CMEEC, Administrative II

The following members of the public were in attendance:

Ryan Blessing, Reporter, The Norwich Bulletin
Claire Bessette, Reporter, The New London Day
Raphael Herz, Director, Wholesale Sales, Enernoc, Inc.

Ms. Job recorded

For the benefit of new Board Members present at the meeting, Mr. Rankin explained that an Annual Meeting of the Boards of Directors of CMEEC and CTMEEC is required by state statutes and the CMEEC Bylaws.

Prior to reviewing the Objective Summary metrics, Mr. Rankin noted four out of nine of CMEEC's quantitative objectives comprise the report. He explained the measures utilized in calculating regional competitiveness was the comparison of cost of wholesale power between CMEEC and Eversource, the majority provider of power in Connecticut. Mr. Rankin stated that this comparison data is utilized by rating agencies to determine economic viability.

Standard Action Item

(A) Approve Minutes of the CMEEC October 26, 2017 Board of Directors Meeting.

A motion was made by Member Representative Barber, seconded by Alternate Member Representative Winslow, to approve the Minutes of the October 26, 2017 Board of Directors Meeting.

Motion passed unanimously.

(17-11-01)

Specific Action Items

(B) October 2017 Objective Summary Review

Mr. Rankin provided an overview of the exceptions to the summary dashboard report provided to the Board in advance of the meeting, reviewing the line items that reflected a deviation from established target value for the performance month and year to date.

Mr. Rankin began by reporting that both the Regional Competitiveness TMR View and Rate 9 View realized a significant negative variance to target due to the underlying Regional Competitiveness Rate 9 View underperforming with a 14% deviation to the target regional benchmark due to seasonal compression in monthly power cost as the Rate 9 Weighted Average Cost of Electricity (WACOE) increased against a six month rate of Regional Benchmark.

Both the Customer Fulfillment All-In Cost TMR View and All-In Rate 9 Customer View finished strongly for the month despite a slightly negative variance in the All-In Rate 9 Customer View. Mr. Rankin noted that was the result of lower than budgeted loads, but was still within

1% of budget. He added that Actual to Budget remains strong year to date and at projected year end.

Mr. Rankin reported that the Financial Stability metrics remain strong, noting that CMEEC remains in compliance with the Risk Management Plan and is projected to remain so throughout the balance of the year. The Current Ratio continues to realize strong performance due to strong assets against a lower liability / expense and continues with a strong year to date which is projected to remain strong throughout the year. Equity to Debt Ratio continues with a strong positive variance with a year-end projection of 36%, with no distribution of eligible equity. Mr. Rankin noted that if the remaining 56 % of Distribution Eligible Equity is issued, projected year end ration will be approximately 31%. Days Cash on Hand remains strong at 154 days due to lower energy prices and decreasing energy volumes, while cash and liquidity vehicles remain strong and available or unused. He noted that this trend will continue through year end cautioning that excessive winter power cost could drive days to lower Cash on Hand than recent figures, but still within target. Net Non-Fuel Operating Expense continues with a negative variance, due to contemplated but unbudgeted outside services expenses.

Mr. Rankin discussed the metrics under Maximize Asset Value by noting that Pierce experienced a positive variance of \$151,851 due to three (3) ISO dispatches and earning variable margin through the month causing the year to date positive and projected year end to be slightly over budget. Market DG performed positively for the month due to taking on capacity supply obligations and associated non budgeted revenues, although the Market DGs will still see a negative net benefit at year end. . Transmission Project #1 performed below budget for the month due to decreased network loads, but still expected to provide a net benefit at year-end of \$741,904. . In much the same way, Hydro-Quebec continues to under-perform below budget. Mr. Rankin explained this performance was driven largely by decreased capacity revenues in the first half of the year. He added that projected year end benefit remains lower than budget, but still expected to provide a net benefit of \$634,446. CMEEC Margin continues to perform under budget due to a write down from a customer default, but still showing margin at end of year in excess of \$3,000,000. MTGA load reduction impacted margin this second half of the year as has customer loads in general for the year. Mr. Rankin explained that CMEEC Equity rate continues with strong performance for the month, year to date and for projected year end. Investment performance continues strong with investment of CMEEC funds continuing to earn interest in nominal dollars and yield above budget with potential increasing yields as market interest rates experience upward pressure.

(C) October 2017 Market Analysis

Mr. Connell provided a brief overview of the October 2017 Energy Cost Analysis. He noted that the Projected Rate 9 Energy Costs were below the Budgeted Rate 9 Energy Costs by \$0.86/MWh (or 1.89%). Mr. Connell continued by noting that the October 2017 budget rate 9 energy cost was \$45.65/MWh and the October 2017 Projected Rate 9 Energy Cost was \$44.79/MWh. Actual Demand was 2,810 MWh lower and Unit Contingent resources were 830 MWh higher than the budget. Henry Hub gas price was \$0.16 lower than the budget and transportation cost was \$0.03 lower than the budget. He noted that despite lower gas costs, a higher than expected heat rate resulted in the Day Ahead LMP coming in higher than the budget. He noted that had the hedges

not been in place, the October 2017 Average LMP (CMEEC Load) would have been \$31.95/MWh.

He added that average daily LMPs (4000) ranged from a low of \$12.72 per MWh to a high of \$47.16 per MWh.

The Algonquin price varied between \$2.75 and \$3.35 per MMBTU and the Henry Hub price varied between \$2.74 and \$3.01 per MMBTU.

Mr. Connell discussed the Delivered Price of Natural Gas for October 2017. He stated that the New England delivered natural gas prices averaged \$2.87/MMBTU for the month. There were 20 days under \$2.87/MMBTU and 6 days above \$3.20/MMBTU. This resulted in the LMP and forward market prices to be \$3.62/MWh higher than expected and budgeted for the month.

Mr. Connell described the mitigating actions taken for the month noting that in the months leading to October 2017, 2.0 MW were purchased at \$26.89/MWh to comply with Risk Management policy minimum targets. He added that the price for spot energy in the budget was \$27.95/MWh. He explained that no additional resources were purchased during the month of October 2017 and there was no physical call option with MicroGen fleet for the month of October 2017.

(D) Approve CMEEC 2018 Operating and Capital Budgets

Mr. Pryor explained the process leading up to the Board's approval of the 2018 Operating and Capital budgets. He noted that there were approximately four (4) Budget and Finance Committee meetings held in the months prior to October at which the budgets were discussed in great detail. He added that all Board of Directors were invited to participate in several of the meetings so that questions might be answered prior to today's meeting.

A resolution which included a recommendation from the Budget and Finance Committee to approve the CMEEC 2018 Operating and Capital budgets were presented for the Board's consideration.

Motion was made by Member Representative Gaudet, seconded by Alternate Member Representative Winslow to approve Resolution 17-11-02 "Resolution Approving CMEEC's 2018 Operating and Capital Budgets." Member Representative Jones Abstaining.

Motion passed.

(17-11-02)

Mr. Pryor took a moment to thank the members of the Budget and Finance Committee and other Board members who actively participated in the budget process for their work over the last several months on the development of the 2018 Budgets. He also thanked CMEEC staff member Patricia Meek for her outstanding work in her role as budget facilitator.

(E) Approve Joint 2018 Officers and Committees of the CMEEC and Transco Boards

Member Representative Gaudet thanked everyone for their input in creating the slates of Officers and Committee Members being brought to this meeting for approval. He noted that Paul Yatcko's name appeared twice on the Joint Audit Committee slates and that the duplicate occurrence should be removed. He explained that nominees were chosen for certain committees based on their expertise. Mr. Rankin noted that each Committee has a specific charter and added that those charters are covered in CMEEC 101, which is offered as education for new CMEEC Board of Directors. Mr. Gaudet opened the floor to the new nominees to pose any questions they may have regarding their appointments. Ms. Jones asked that the Officers present at today's meeting be identified.

Mr. Gaudet reviewed the list of Officer Nominations and he introduced those Officers present at today's meeting for the benefit of the new Member Representatives present. He then introduced the Committee Chairs.

Mr. Gaudet suggested that as the Board of Directors is increasing in number, a Board of Directors book be created which would include Board of Directors responsibilities and Board structure, among other topics.

Motion by Alternate Member Representative Goldstein, seconded by Alternate Member Representative Winslow, to approve the Joint 2018 Officers and Committees of the CMEEC and Transco Boards, as amended.

Motion passed unanimously. (17-11-03)

(F) Approve CMEEC 2018 Schedule of Board Meeting Dates

Mr. Rankin noted that the January 2018 meeting contained a typo and explained that it should read Thursday, January 25, 2018 rather than Thursday, January 26, 2018. He added that the location of the Board of Directors meetings going forward will be spread between the Members and the Norwich Inn & Spa.

Motion by Member Representative Gaudet, seconded by Alternate Member Representative Winslow to approve the CMEEC 2018 Schedule of Board Meeting Dates, as amended.

Motion passed unanimously. (17-11-04)

Motion by Member Representative Collard, seconded by Alternate Member Representative Winslow to adjourn the meeting.

Motion passed unanimously. (17-11-05)

There being no further business to come before this Board, the meeting was adjourned at 11:05 a.m.

CMEEC Master Dashboard

Objective and Metric		Performance Month (November 2017)					Year to Date / Trend Over Measure Period					2017 Year End			Page #
Regional Competitiveness	Metric	Target Value	Actual Value	Variance (value)	Variance (%)		Target Value	Actual	Variance (value)	Variance (%)		Target Value	Projected		
Deviation To Benchmark TMR View	%	-30%	-26%	4%	-13%	↓	-30%	-30%	0%	0%	→	-30%	-30%	→	21
Deviation To Benchmark R9 View	%	-25%	-13%	12%	-49%	↓	-25%	-14%	11%	-44%	↓	-25%	-14%	↓	21
Customer Fulfillment	Metric	Target	Actual	Variance (value)	Variance (%)		Target	Actual	Variance (value)	Variance (%)		Target Value	Projected		
"All In" Cost TMR View	\$/MWh	\$ 86	\$ 87	\$1	1%	→	\$ 84	\$ 81	(\$3)	-3%	↑	\$ 83	\$ 81	↑	43
"All In" Cost R9 Customer View	\$/MWh	\$ 104	\$ 103	(\$1)	-1%	→	\$ 100	\$ 99	(\$1)	-1%	→	\$ 99	\$ 99	→	43
Financial Stability	Metric	Target	Actual	Variance (value)	Variance (%)		Target	Actual	Variance (value)	Variance (%)		Target Value	Projected		
Risk Management Plan Compliance	Yes/No	Yes	Yes	NA	NA	↑	Yes	Yes	NA	NA	↑	Yes	Yes	↑	35
Current Ratio	Ratio	2.20	2.54	0.34	15%	↑	2.20	2.54	0.36	16%	↑	2.20	2.77	↑	27
Equity to Debt	%	20%	31%	11%	55%	↑	20%	31%	11%	55%	↑	20%	28%	↑	27
Days Cash On Hand	Days	100	155	55	55%	↑	100	155	131	131%	↑	100	151	↑	27
Net Non Fuel Operating Expense	\$	\$ 464,193	\$ 522,322	\$ 58,129	13%	↓	\$ 5,916,413	\$ 7,663,743	\$ 1,747,330	30%	↓	\$ 6,357,788	\$ 8,283,023	↓	27
Maximize Asset Value	Metric	Target	Actual	Variance (value)	Variance (%)		Target	Actual	Variance (value)	Variance (%)		Target Value	Projected		
Pierce	\$	\$ 188,821	\$ 95,236	\$ (93,585)	-50%	↓	\$ 309,506	\$ 338,457	\$ 28,951	9%	↑	\$ 536,411	\$ 567,907	↑	81
Market DG	\$	\$ (8,278)	\$ (92)	\$ 8,186	99%	↑	\$ (79,585)	\$ (32,898)	\$ 46,687	59%	↑	\$ (86,207)	\$ (31,284)	↑	81
MicroGen	\$	\$ 490,892	\$ 421,482	\$ (69,410)	-14%	↓	\$ 4,112,553	\$ 3,982,710	\$ (129,843)	-3%	↓	\$ 4,576,214	\$ 4,465,162	→	81
Transmission Project #1	\$	\$ (38,193)	\$ (19,038)	\$ 19,155	50%	↑	\$ 819,344	\$ 775,157	\$ (44,187)	-5%	↓	\$ 823,302	\$ 765,988	↓	111
Hydro-Quebec	\$	\$ 76,351	\$ 77,814	\$ 1,463	2%	→	\$ 703,287	\$ 576,603	\$ (126,684)	-18%	↓	\$ 780,055	\$ 646,587	↓	112
CMEEC Margin	\$	\$ 353,907	\$ 75,389	\$ (278,518)	-79%	↓	\$ 4,084,871	\$ 3,038,297	\$ (1,046,574)	-26%	↓	\$ 4,466,683	\$ 3,127,984	↓	59
CMEEC Equity	\$	\$ 367,729	\$ 550,000	\$ 182,271	50%	↑	\$ 4,045,019	\$ 5,976,276	\$ 1,931,257	48%	↑	\$ 4,412,748	\$ 6,526,276	↑	59
CMEEC Investment Performance	\$	\$ 38,000	\$ 65,404	\$ 27,404	72%	↑	\$ 418,000	\$ 663,588	\$ 245,588	59%	↑	\$ 463,000	\$ 740,463	↑	79
CMEEC Investment Performance	%	1.00%	1.14%	0.14%	14%	↑	1.00%	1.21%	0.21%	21%	↑	1.00%	1.24%	↑	79
Total Asset Portfolio	\$	\$ 1,469,229	\$ 1,266,195	\$ (203,034)	-14%	↓	\$ 14,412,995	\$ 15,318,190	\$ 905,195	6%	↑	\$ 15,972,206	\$ 16,809,083	↑	
Red Arrow = Negative Variance > 2.5% of Target		Yellow Arrow = Cautionary Variance +/- 2.5% of Target					Green Arrow = Positive Variance > 2.5% of Target								

Red Arrow = Negative Variance > 2.5% of Target

Yellow Arrow = Cautionary Variance +/- 2.5% of Target

Green Arrow = Positive Variance > 2.5% of Target

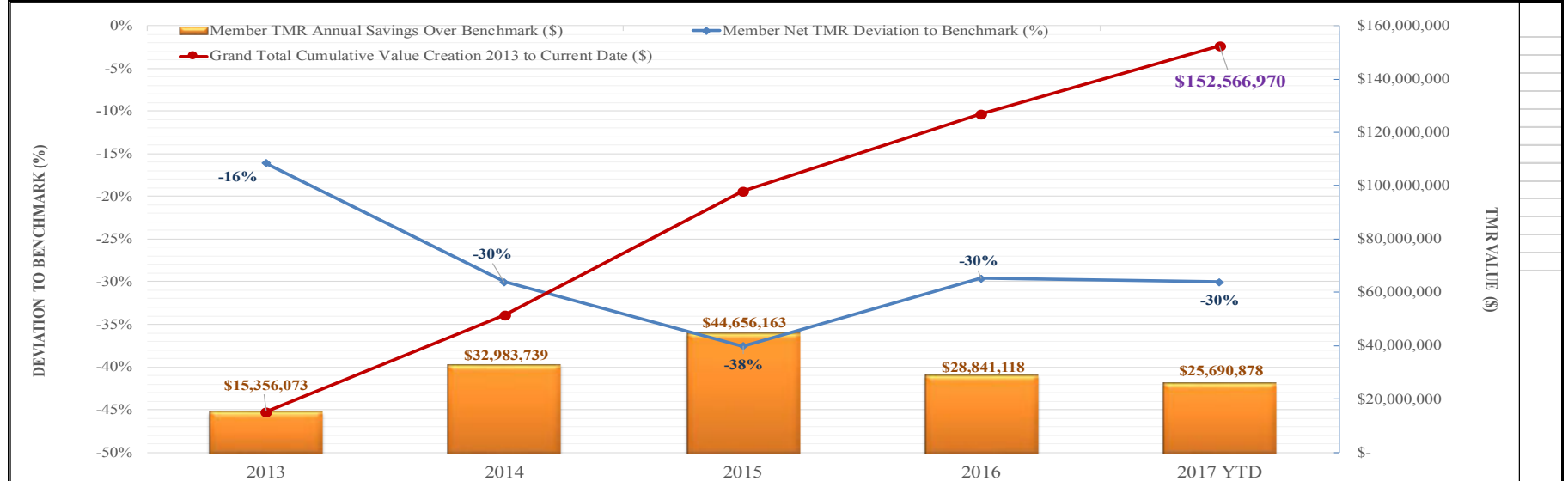
November 2017 Regional Competitiveness Reconciliation (\$ / MWh)															
Regional Competitiveness TMR View -26.1% Power Cost Only -12.7% TOTAL NET COST			Current Month (November)						Year to Date						
			Budget	Actual	Variance	Variance	Contribution to RC Delta		Budget	Actual	Variance	Variance	Contribution to RC Delta		
			\$ / MWh	\$ / MWh	\$ / MWh	%	%		\$ / MWh	\$ / MWh	\$ / MWh	%	%		
			\$	\$	\$				\$	\$	\$				
			\$ 86.04	\$ 87.05	\$ 1.01	1%	100%				\$ 83.84	\$ 81.13	\$ (2.71)	-3%	100%
POWER COST ONLY			\$ 103.91	\$ 102.75	\$ (1.17)	-1%	48.81%				\$ 99.76	\$ 98.56	\$ (1.19)	-1%	48.06%
TRANSMISSION PROJECT #1			\$ 0.56	\$ 0.29	\$ (0.28)	-49%	-0.94%				\$ (1.03)	\$ (1.01)	\$ 0.02	-2%	3.02%
HYDRO QUEBEC			\$ (1.13)	\$ (1.18)	\$ (0.05)	4%	3.84%				\$ (0.88)	\$ (0.75)	\$ 0.13	-15%	2.24%
PIERCE NET BENEFIT			\$ (1.68)	\$ (0.87)	\$ 0.81	-48%	2.83%				\$ (0.23)	\$ (0.27)	\$ (0.03)	14%	0.79%
MARKET DG NET BENEFIT			\$ 0.12	\$ 0.00	\$ (0.12)	-99%	0.00%				\$ 0.10	\$ 0.04	\$ (0.06)	-57%	-0.13%
MICROGEN NET BENEFIT			\$ (5.10)	\$ (4.49)	\$ 0.62	-12%	14.63%				\$ (3.64)	\$ (3.66)	\$ (0.02)	1%	10.92%
CMEEC MARGIN			\$ (5.22)	\$ (1.14)	\$ 4.08	-78%	3.72%				\$ (5.14)	\$ (3.97)	\$ 1.17	-23%	11.83%
EQUITY CREATION			\$ (5.43)	\$ (8.31)	\$ (2.89)	53%	27.11%				\$ (5.09)	\$ (7.81)	\$ (2.72)	53%	23.26%
INVESTMENT PERFORMANCE			\$ -	\$ (0.99)	\$ (0.99)		3.22%				\$ -	\$ (0.87)	\$ (0.87)		2.58%
Benchmark Standard Service			\$ 110.06	\$ 117.72	\$ 7.65	7%					\$ 111.22	\$ 114.70	\$ 3.48	3%	
Member Residual Load			67,748	66,148	(1,600)	-2.4%					795,079	765,425	(29,654)	-3.7%	
November 2017 Regional Competitiveness Reconciliation (\$)															
TOTAL NET COST			Current Month (November)					Year to Date				Macro Community Value			
			Budget	Actual	Variance	Variance		Budget	Actual	Variance	Variance				
			\$	\$	\$	%		\$	\$	\$	%	November	YTD		
			\$ 5,828,689	\$ 5,758,171	\$ (70,518)	-1%		\$ 66,658,413	\$ 62,101,137	\$ (4,557,276)	-7%	MEU Customer Savings (\$ & \$/MWh) Versus Regional Benchmark Rate	MEU Customer Savings (\$ & \$/MWh) Versus Regional Benchmark Rate		
			\$ 7,039,875	\$ 6,796,559	\$ (243,316)	-3%		\$ 79,314,576	\$ 75,443,819	\$ (3,870,757)	-5%				
\$ 38,193	\$ 19,038	\$ (19,155)	-50%	\$ (819,344)	\$ (775,157)	\$ 44,187	-5%								
\$ (76,351)	\$ (77,814)	\$ (1,463)	2%	\$ (703,287)	\$ (576,603)	\$ 126,684	-18%								
\$ (113,935)	\$ (57,465)	\$ 56,469	-50%	\$ (186,756)	\$ (204,225)	\$ (17,469)	9%								
MARKET DG NET BENEFIT			\$ 8,278	\$ 92	\$ (8,186)	-99%	\$ 79,585	\$ 32,898	\$ (46,687)	-59%					
MICROGEN NET BENEFIT			\$ (345,735)	\$ (296,850)	\$ 48,885	-14%	\$ (2,896,471)	\$ (2,805,023)	\$ 91,448	-3%					
CMEEC MARGIN			\$ (353,907)	\$ (75,389)	\$ 278,518	-79%	\$ (4,084,871)	\$ (3,038,297)	\$ 1,046,574	-26%	\$ 2,028,498	\$ 25,690,878			
EQUITY CREATION			\$ (367,729)	\$ (550,000)	\$ (182,271)	50%	\$ (4,045,019)	\$ (5,976,276)	\$ (1,931,257)	48%	\$ 30.67	\$ 33.56			
INVESTMENT PERFORMANCE			\$ -	\$ (65,404)	\$ (65,404)		\$ -	\$ (663,588)	\$ (663,588)						
Member Residual Load			67,748	66,148	(1,600)	-2.4%	795,079	765,425	(29,654)	-3.7%					

CMEEC 2017 Regional Competitiveness Performance - through November

	2013	2014	2015	2016	2017 YTD	2018	2013 - 2018 Target
Member Net TMR Deviation to Benchmark (%)	-16%	-30%	-38%	-30%	-30%		-35%
Member TMR Annual Savings Over Benchmark (\$)	\$ 15,356,073	\$ 32,983,739	\$ 44,656,163	\$ 28,841,118	\$ 25,690,878		\$ 200,000,000
Member TMR Cumulative Savings Over Benchmark (\$)	\$ 15,356,073	\$ 48,339,812	\$ 92,995,975	\$ 122,105,625	\$ 147,796,503	\$ 147,796,503	
Regional Benchmark Wholesale Cost (\$ / MWh)	\$103.41	\$120.40	\$130.39	\$113.41	\$114.70		
Member TMR Net Cost (\$ / MWh)	\$91.44	\$88.92	\$85.60	\$80.12	\$81.13		
Member TMR Savings Over Benchmark (\$ / MWh)	\$11.97	\$31.48	\$44.79	\$33.29	\$33.56		
Excess Equity Issuance Above Annual Equity Creation		\$ 3,173,000	\$ 1,866,000	\$ -			
Grand Total Cumulative Value Creation 2013 to Current Date (\$)	\$15,356,073	\$ 51,512,812	\$ 98,034,975	\$ 126,876,093	\$ 152,566,970		

Regional Benchmark: Standard Offer Wholesale Equivalent Cost \$ / MWh

TMR: Total CMEEC Return - Power Cost, less Non Member Fees, less Project Benefit, less Equity Created



Asset Performance - Member Only Share

		<u>Month Budget</u>	<u>Month Actual</u>	<u>YTD Budget</u>	<u>YTD Actual</u>	<u>Year End Budget</u>	<u>Year End Projected</u>
	Member Share %	Member Share \$	Member Share \$	Member Share \$	Member Share \$	Member Share \$	Member Share \$
Pierce	60.34%	\$ 113,935	\$ 57,465	\$ 186,756	\$ 204,225	\$ 323,670	\$ 342,675
Market DG	100.00%	\$ (8,278)	\$ (92)	\$ (79,585)	\$ (32,898)	\$ (86,207)	\$ (31,284)
MicroGen	70.43%	\$ 345,735	\$ 296,850	\$ 2,896,471	\$ 2,805,023	\$ 3,223,028	\$ 3,144,814
Transmission Project #1	100.00%	\$ (38,193)	\$ (19,038)	\$ 819,344	\$ 775,157	\$ 823,302	\$ 765,988
Hydro-Quebec	100.00%	\$ 76,351	\$ 77,814	\$ 703,287	\$ 576,603	\$ 780,055	\$ 646,587
CMEEC Margin	100.00%	\$ 353,907	\$ 75,389	\$ 4,084,871	\$ 3,038,297	\$ 4,466,683	\$ 3,127,984
CMEEC Equity	100.00%	\$ 367,729	\$ 550,000	\$ 4,045,019	\$ 5,976,276	\$ 4,412,748	\$ 6,526,276
CMEEC Investment Performance	100.00%	\$ 38,000	\$ 65,404	\$ 418,000	\$ 663,588	\$ 463,000	\$ 740,463
Total Asset Portfolio	91.35%	\$ 1,249,186	\$ 1,103,792	\$ 13,074,163	\$ 14,006,271	\$ 14,406,279	\$ 15,263,503

Performance Summary Description		
Regional Competitiveness		
	Deviation To Benchmark TMR View	RC TMR underperformed for November exclusively due to poor Maximize Asset Value Portfolio performance, adversely impacted primarily by <u>Pierce and MicroGen assets underperforming. While strong for the year to date and projected year end, November was adversely impacting</u>
	Deviation To Benchmark R9 View	RC R9 View performed well for November, albeit under the inappropriately high target of 25%, but on target for the \$ / MWh.
Customer Fulfillment		
	"All In" Cost TMR View	CF TMR View performed tight to target, but with a negative variance slightly over 1%, adversely impacted by Maximize Asset Value Portfolio underperforming
	"All In" Cost R9 Customer View	CF R9 View performed very well for November, with over 1% positive variance, despite load being 2.4% lower than budget
Financial Stability		
	Risk Management Plan Compliance	Energy portion of Risk Management Policy remains solid in compliance and is projected to remain so throughout the balance of the year.
	Current Ratio	Current Ration continues to realize strong performance due to strong assets against a lower liability / expense. This is strong year to date as well and is projected to remain very strong throughout the year
	Equity to Debt	Equity to Debt Ratio continues with strong positive variance, with a lower year end projection of 28% as a result of eligible equity distribution in November. <u>Very positive to start year with positive variance</u>
	Days Cash On Hand	DCOH remains strong due to lower burn rates from lower energy prices and decreasing energy volumes, while cash and liquidity vehicles remain strong and available / unused. This trend will continue through the end of year, though excessive winter power cost could drive days to lower than <u>recent but within target</u>
	Net Non Fuel Operating Expense	Monthly negative variance decreased from prior 25% to 13%. Year to date Net Non-Fule Operating Expense continues with 30% YTD negative variance, sustained condition due to contemplated but not budgeted outside services expenses
Maximize Asset Value		
	Pierce	Pierce in November received two ISO dispatches but also conducted a 10-year fuel tank inspection (cost \$112,000 - originally scheduled for January) resulting a underperformance to budget. Year to date and projected year end are positive variances and over performance
	Market DG	Market DG performed positively due to taking on capacity supply obligations and associated non budgeted revenues. These revenue sources may continue but will not be enough to move the projected year end performance to a positive value
	MicroGen	MicroGen November actual net benefit was lower than budget due to lower than budgeted peak reduction in October (37.29 MW actual vs. 47.60 MW budgeted) and higher than budgeted runtime and associated fuel expense (16.3 hours actual vs. 12.2 hours budgeted).
	Transmission Project #1	Transmission Project #1 continues to suffer from decreased network loads, which is the primary variable causing ultimate in-year performance. The fixed rate is based on a higher load and if the load does not materialize, the total revenue drops. November has positive variance due to increased loads, but total year is <u>significantly lower total energy</u>
	Hydro-Quebec	Hydro Quebec current month performance is on target. YTD continues to underperform to budget, driven largely by decreased capacity revenues in the first half of year, but in October impacted by higher than budgeted expenses. Projected year end remains lower than budget.
	CMEEC Margin	CMEEC Margin is down for three reasons: 1) MTGA margins due to generators unavailability, 2) Competitive Supplier customer loads are significantly lower than budgeted, and 3) write off of \$875,000 due to HCOG default.
	CMEEC Equity	Equity earning rate continues with strong performance for the month, year to date, and for projected year end, partly due to original low budget <u>estimates</u>
	CMEEC Investment Performance	Investment of CMEEC funds continues to earn interest in nominal dollars and yield above budget, with potential increasing yields as market interest rates experience upward pressure.

CMEEC 2017 Performance Summary and Projection

December 13, 2017

CMEEC Vision / Our “Why”:

We Energize Customers and Community Prosperity

CMEEC Mission / Our “What” or “How”:

Delivering Sustained Lower Cost Energy Solutions

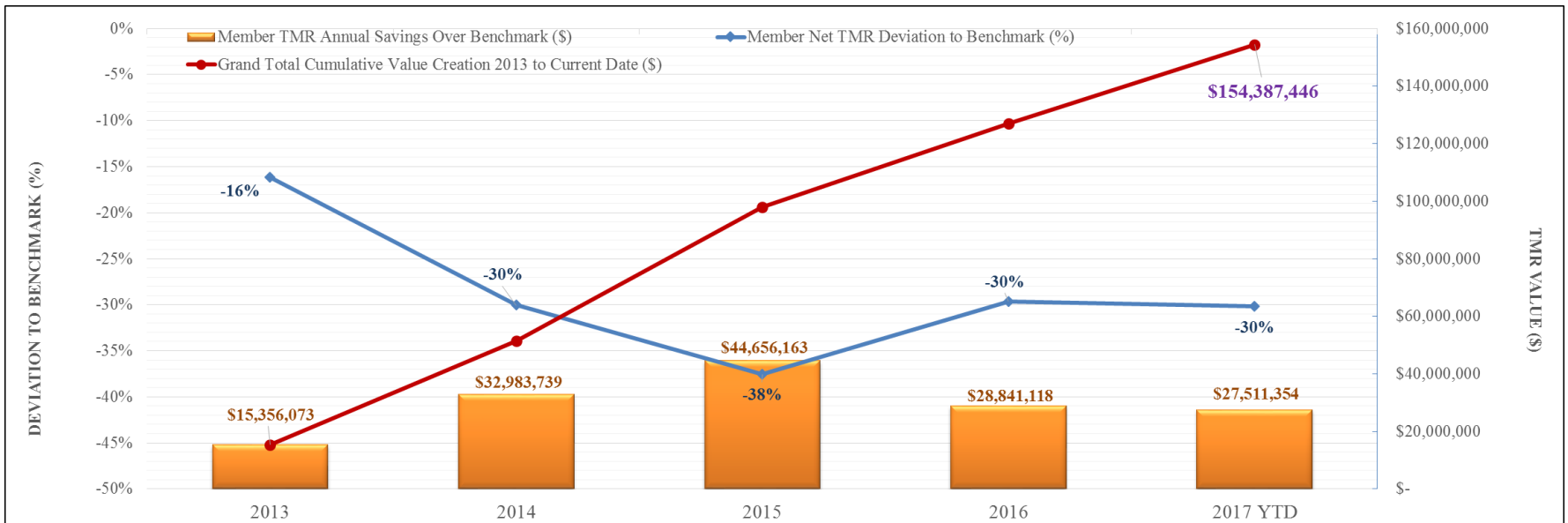
CMEEC Objectives

See Page #2

CMEEC Master Metric(s) Quantifying our Vision / Mission

- **Regional Competitiveness Total Member Return “TMR”** (1 Year, 3 Year Rolling Average)
 - Measured by comparing Member Net Wholesale Cost to Regional Benchmark
 - Regional Benchmark is the region’s predominant source of wholesale energy cost
- **Regional Competitiveness Power Cost Only** (1 Year, 3 Year Rolling Average)
 - Measured by comparing Member Wholesale Power Cost to Regional Benchmark
 - Regional Benchmark is the region’s predominant source of wholesale energy cost
- **Customer Fulfillment – Member TMR Net Wholesale Actual Cost Deviation to Budget Cost**
 - Measured by comparing Member TMR Actual Net Wholesale Cost to Budgeted Net Wholesale Cost
- **Customer Fulfillment – Member Power Cost Only Wholesale Actual Cost Deviation to Budget Cost**
 - Measured by comparing Member Power Cost Only Actual Net Wholesale Cost to Budgeted Net Wholesale Cost

OBJECTIVE	DEFINITION	CEO ENTERPRISE METRICS
Regional Competitiveness	Manage comprehensive portfolio to provide Electric Products to Member utility and participant customers at competitive costs (>40% advantage) across the region. Maintain lowest cost to provide essential service to the community and maintain long-term financial integrity.	<ul style="list-style-type: none"> • Total Member Return comparison to Regional Benchmark (IOU Std Serv) • Power Cost Only comparison to Regional Benchmark (IOU Std Serv) • “All in” Affordability Index CMEEC / CPI Change Ratio
Financial Stability	Enable the organization to continue its path of excellence by managing the operation to maintain and improve credit rating, attain revenue plans, and to meet operating and capital budgets.	<ul style="list-style-type: none"> • OpEx Performance (budget to projected to actual) • CapEx Budget Performance (budget to projected to actual) • Debt Equity Ratio, Days Cash on Hand, Credit Rating, • Current Ratio, Hedge Effectiveness, Risk Management Policy Compliance
Supply Performance / Reliability	Plan, deploy, and manage operations and assets to ensure supply performance and reliability meets or exceeds established standards and customer expectations. Ensure compliance with reliability consortium standards.	<ul style="list-style-type: none"> • Asset Equivalent Availability, Equivalent Forced Outage Rate, Heat Rate • ISO Compliance and Registration, • MEU SAIDI Impacts from Supply Related Interruptions
Customer Fulfillment	Meet and exceed customer qualitative impressions on a continuing basis in communication, cost performance reconciliation, forward cost projections, and balance of service performance	<ul style="list-style-type: none"> • TMR / Power Cost Only Budget - Forecast - Actual Accuracy / Reconciliation • Monthly PRISM Sessions Fulfilled • Monthly Forecast Publish Frequency and Timeliness • Composite Survey Index Results • Conservation & Load Management Metrics Effectiveness
Maximize Asset Value	Achieve the highest level of value for stakeholders and return on assets by continuously improving business processes to positively impact resource utilization, efficiency, and effectiveness.	<ul style="list-style-type: none"> • CMEEC Member Margin, CMEEC Member Margin Growth • Physical Asset Project Net Benefit (Yield % and \$) • Financial Asset Net Benefit (Yield % and \$) • Energy Hedge Effectiveness • Business Process Improvements, (#, \$ value created)
Organizational Leadership	Establish and set the direction of the organization, develop and enhance individual and corporate ability, promote organizational sustainability by providing positive visibility and leadership within CMEEC / TRANSCO and the communities, as well as industry and regulatory agencies.	<ul style="list-style-type: none"> • Non Profit Donations, Used Equipment Reinvestment, • Community Volunteerism, • Agency(s) Board Roles, • Employee Engagement Q12 • Employee Turnover Ratio • Industry Affiliation Participation
Workforce Development	Ensure the skills and knowledge required to effectively perform business processes are readily available to the organization in all positions, in the appropriate locations, and in prudent numbers, today and into the future.	<ul style="list-style-type: none"> • Succession Planning Compliance, • Forms 1,2,3 Fulfillment, Development Plan Compliance, • Key Position Skills at Risk • People Analyzer / GWC
Regulatory Stewardship	Meet or exceed compliance with regulatory (federal, state, and local) rules and guidelines. Ensure any deviations from regulations are noted, corrective action is implemented, and repeat incidents do not occur. Inculcate regulatory stewardship throughout the organization.	<ul style="list-style-type: none"> • Compliance Level, (NERC, EPA, DEEP, etc) • Conservation & Load Management Compliance • Sustainability Strategy Fulfillment and Advancement (3 Es) • Voluntary Initiatives Beyond Regulation,
Safe Workplace	Create and sustain a workplace environment in which employees and contractors effectively perform their duties without unreasonable threat of physical harm. Operate facilities, plants, and vehicles to ensure a safe environment for communities, structures, and people.	<ul style="list-style-type: none"> • Near Hits Rate • Incident Rate, • Recordable Rate, • Lost Time Rate



CMEEC			
Distribution Eligible Equity Issued 2013 - 2016			
Performance Year	Issued	Not Issued	
2013	\$ 5,695,945		CMEEC First Ever Issuance
2014	\$ 3,792,085		
2015		\$ 1,499,698	Delegation vote to not issue
2016	\$ 9,038,580		
Total	\$ 18,526,610	\$ 1,499,698	

CMEEC 2017 Significant Achievements

CMEEC staff planned, executed, and delivered the following strategic advancements during 2017. The advancements are in no particular order.

- Commissioned over 13 Megawatts (“MW”) of Community Solar Garden (“CSG”) capacity in Member service territories. Beyond the solar energy benefits, strategic interests were / are to make use of low to no use lands, create local value via lease payments, jobs, material purchase, energy loss reduction, resiliency, etc
- Commissioned 1.5 Megawatts of Energy Storage, strategically increasing resiliency, lowering wholesale energy cost, improving power quality, and other strategic benefits
- Of the 13 MW CSG and 1.5 MW Storage, ~6MW of CSG and 0.75MW of Storage are located on US Navy property near the SUBASE, incrementally enhancing SUBASE value through lease payments as well as potential integration of CSG and Storage into the SUBASE Microgrid, further enhancing SUBASE military value
- Contracted for 7.4 Megawatts of fuel cell technology, located at the Naval Submarine Base to provide critical energy production capability to supply the SUBASE Microgrid. The strategic commitment is to improve the military value of the base through robust energy resiliency, create incremental value proposition to SUBASE, further enhance CMEEC’s sustainable portfolio, utilize Connecticut based company technology, create / sustain local jobs, energy loss reduction, lower and stabilize wholesale energy cost, etc. This includes a twenty (20) year lease for SUBASE land for the fuel cell
- Equal to or greater than 30% lower cost of Member Net Wholesale Cost compared to the regional benchmark. The projected \$81 / MWh (8.1 cents / kWh) net wholesale cost will produce over \$27,500,000 power cost savings in 2017, and over \$154,000,000 cumulative savings since 2013, when compared to predominant regional wholesale energy supply option
- Several large CMEEC direct and Member end use customers retail energy cost under \$100 / MWh (<10 cents / kWh)
- Achieved minimum Target Equity Level greater than 20%, creating \$9,038,530 in Distribution Eligible Equity, which the Member Delegation declared to issue. This is the largest available Distribution Eligible Equity in CMEEC’s history, and the fourth available since the first ever in 2014. Cumulative Distribution Eligible Equity totals \$18,526,610 since 2014, all of which was issued
- Created and initially vetted through Board of Directors’ Budget & Finance Committee the first ever CMEEC Five Year Financial Plan, including five year projected balance sheets, income statements, financial stability metrics, and on-going constructive improvement of key financial stability metrics to meet CMEEC’s Vision, Mission, and Objectives
- Finalized design and deployed CMEEC Investment Portfolio Strategy / Policy, enabling prudent short term investment of CMEEC resources, producing a 2017 incremental value gain of over \$500,000, and escalating in subsequent years
- Designed and deployed improved CMEEC website, including password protected Board portals and Customer portals for information availability, as well as overall enhanced functionality and transparency
- Revised and conducted multiple “CMEEC 101” for new Board Members, and in preparation for additional Board Member integration
- Designed and initial deployment / enhancement of two distinct systems of record, consisting of the Technical System of Record (“TSoR”) to house all technical data and all financial data (financial data not incorporated into the FSoR), and the Financial System or Record (“FSoR”) to house all CMEEC financial data

- Sourced, secured, and integrated new FSoR reporting tool (BI 360) to replace obsolete former reporting tool, on budget and on schedule
- Designed, deployed, and commissioned CMEEC wide wholesale meter data collection and integration, incorporating current technology and standards to strategically advance efficiency and effectiveness of wholesale meter data with all stakeholders
- Represented, negotiated, and executed New York Power Authority (“NYPA”) hydro power supply contract for St. Lawrence sourced power
- Supported and strategically advanced arbitration through hearing, including positive Arbitrator Findings to date, and with very promising ultimate conclusion
- Enhanced the net benefit value proposition of multiple “In Market” generation projects by leveraging new market participation strategies
- Improved metrics and quality of publication of metrics for Daily Report, achieving 100% issuance of CMEEC Daily Health Report by 10:00 a.m. daily
- Designed, deployed, and commissioned Automated Cost Allocation Project, significantly improving efficiency and effectiveness of complex wholesale cost allocation. Will serve as foundation to fundamentally advance the automation of producing CMEEC’s Strategic Measurement System trending and reporting, as well as customers PRISM Package
- Designed, deployed, and in active processing of customer Load Factor Improvement Program, as a strategic advancement in further lowering wholesale and retail energy cost
- Fundamentally redesigned and enhanced the Enterprise Risk Management Program, and currently working with Board of Directors’ Risk Management Committee to vet the proposed changes
- Maintained all Rating Agency Credit Ratings
- Replaced \$15,000,000 credit facility to maintain robust liquidity vehicles consistent with market power cost stress testing
- Conducted additional Gallop Poll Q12 Employee Engagement survey, improving overall scores from previous assessments
- Worked in collaboration with Consumer Council to design, post, and select Consumer Advocate for CMEEC Board monitoring
- Designed, issued, evaluated, and selected Forensic Examination firm through RFP, in collaboration with the CMEEC Board of Directors’ Audit Committee
- Secured an “Unqualified Opinion” on the annual audit
- Designed, posted, and filled Business Development and Customer Fulfillment role
- Designed and conducted initial Talent Management assessment to identify the skills at risk via a criticality and certainty analysis of comprehensive skill requirements for all CMEEC functional accountabilities
- Formed and initiated Board of Directors’ assessment of Board and CMEEC operations via external firm HRC to assess opportunities for improvement in the existing ethics policy(ies)
- 100% issuance of monthly forecasts of customers’ 60 month forward wholesale cost projections
- 100% issuance of monthly customer PRISM Packages, with many to most being aided by in-person reviews

CMEEC Board of Directors

December 21, 2017

Board Meeting

Agenda Item G

- **Objective:** Engage Certified Forensic Examiner to perform examination as required under Public Act 17-73
- **Decision required or Informing:** Decision-Vote
- **Essential / critical points:**
 1. Public Act 17-73 requires CMEEC to cause a forensic examination to be performed by a Certified Forensic Examiner for revenues and expenditures for “the preceding five years”
 2. CMEEC issued a Request for Proposal (RFP) to seven national and regional Accounting firms and received two responses, one of which subsequently declined
 3. No amounts were included in the 2018 operating budget to cover the cost of the forensic examination.
 4. The Audit Committee met on December 4, 2017 to review and evaluate responses and is recommending engaging Blum Shapiro to perform the examination and to authorize up to \$100,000 as an additional budget amount for 2018 to cover cost of forensic examiner and incremental outside services that may be required
- **Critical Dates:** April –June 2018 anticipated time for examination
- **Decision statement:** Board vote on attached resolution 17-XX-XX

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

RESOLUTION 17-XX-XX

Resolution Approving the Appointment of certified independent accounting firm of BlumShapiro to Perform the Requirements of Public Act 17-73 and to Increase the Administrative and General Section of the Revised CMEEC 2018 Budget

WHEREAS, the CMEEC Board of Directors previously adopted Resolution 17-11-02 which approved and adopted the 2018 CMEEC Operating and Capital Budget.

WHEREAS, Public Act 17-73 passed by the Connecticut Legislature requires, among other things, a forensic auditor to examine CMEEC's revenues and expenses for the previous five (5) year period.

WHEREAS, in response to the above, CMEEC issued a Request for Proposal ("RFP") to seven (7) national and state level accounting firms, and received two (2) responses to the Request for Proposal, with one firm subsequently withdrawing their response leaving BlumShapiro as the sole firm responding to the RFP.

WHEREAS, the Audit Committee met to review and evaluate the BlumShapiro proposal and determined that BlumShapiro's response fulfilled the requirements of Public Act 17-73.

WHEREAS, after the review and evaluation the Audit Committee recommends to the Board that it retain BlumShapiro to perform the forensic examination requirements of Public Act 17-73.

WHEREAS, in order to accurately reflect BlumShapiro's cost along with additional resources needed to complete the examination, it is recommended that the Board approve an increase to the Administrative and General portion of CMEEC's Operating and Capital Budget in an amount not to exceed one hundred thousand (\$100,000) dollars.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of CMEEC approve the retention of BlumShapiro for the forensic examination required by Public Act 17-73.

BE IT FURTHER RESOLVED that as a result, the Administrative and General portion of the 2018 CMEEC Operating and Capital Budget, and specifically the line item relating to "Outside Accountants/Auditors", shall be increased by one hundred thousand dollars (\$100,000) and the total CMEEC Capital and Operating Budget be adjusted to reflect the increase.

Dated this 21st day of December, 2017.

Louis Demicco
Secretary

CMEEC “All In” Cost Comparison Report

- **Objective:** Update on CMEEC Regional Competitiveness, with and without Investments (Projects)
- **Decision required or Informing:** Informational
- **Essential / critical points:**

November

Cost Group	Current Month		Year To Date		Year End	
	Target	Actual	Target	Actual	Target	Projected
All In Cost Total Member Return View	30%	26%	30%	30%	30%	30%
All In Power Cost	25%	13%	17%	14%	25%	14%

Critical Dates:

- **Decision statement:**

The Regional Benchmark Wholesale Equivalent Rate is comprised of the following line items: GSC, Transmission Charge, CTA, FMCC Delivery Charge, and Combined Public Benefit Charge.

The Regional Benchmark has a GSC rate of \$78.74 / MWh for the first half of 2017 which has been incorporated into our projections and reduced by the secondary voltage loss factor to give an all in wholesale equivalent rate of \$112.18 / MWh.

The Regional Benchmark has a GSC rate of \$80.14/ MWh for the second half of 2017 which has been incorporated into our projections, including other cost inclusions, and reduced by the secondary voltage loss factor to give an all in wholesale equivalent rate of \$117.72 / MWh.

The Regional Benchmark has a GSC rate of \$90.78/ MWh for the first half of 2018 which has been incorporated into our projections, including other cost inclusions, and reduced by the secondary voltage loss factor to give an all in wholesale equivalent rate of \$127.83 / MWh.

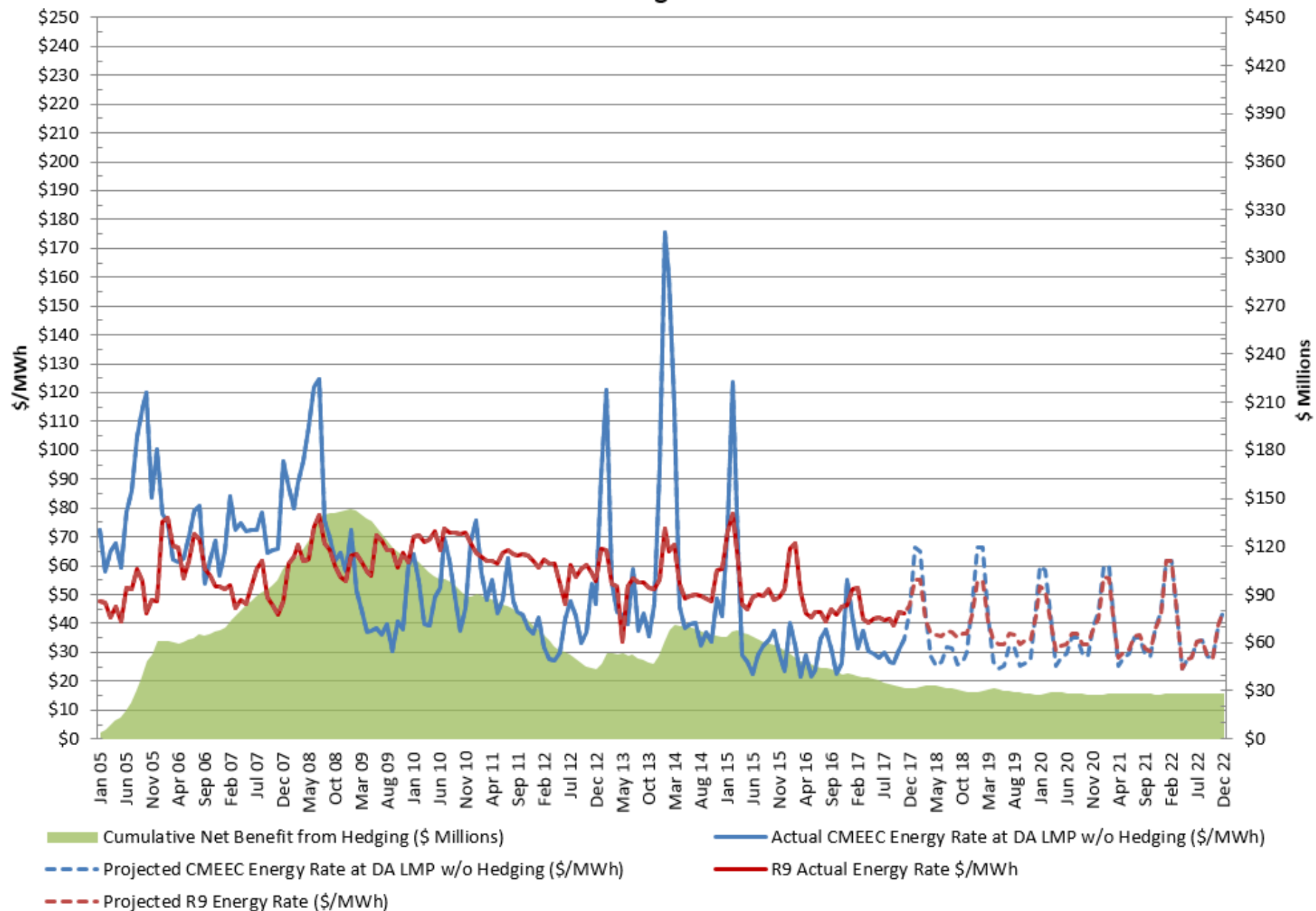
Background Information for Regional Competitiveness Graphs

- CMEEC Energy Cost:** Projections based on committed transactions and forward market prices as of the first day of the current month. Actual costs based on data with a two month lag.
- Other CMEEC Costs:** Projections based on projections from the previous month Power Cost Update. Actual costs based on data with a two month lag.
- CL&P Rate Elements:** Actual costs taken from components for CL&P Residential Rate 1. Projections for these costs escalated based on changes to CMEEC costs for comparable rate components. PURA has approved a GSC \$90.78/MWh for the first half of 2018.
- Standard Service GSC:** Actual rates based on current Standard Service GSC rate approved by Connecticut PURA. Projections are escalated based on changes in “load-based” Capacity, Energy and Ancillary Services rates and historical margin between these load-based costs and PURA approved GSC rate.

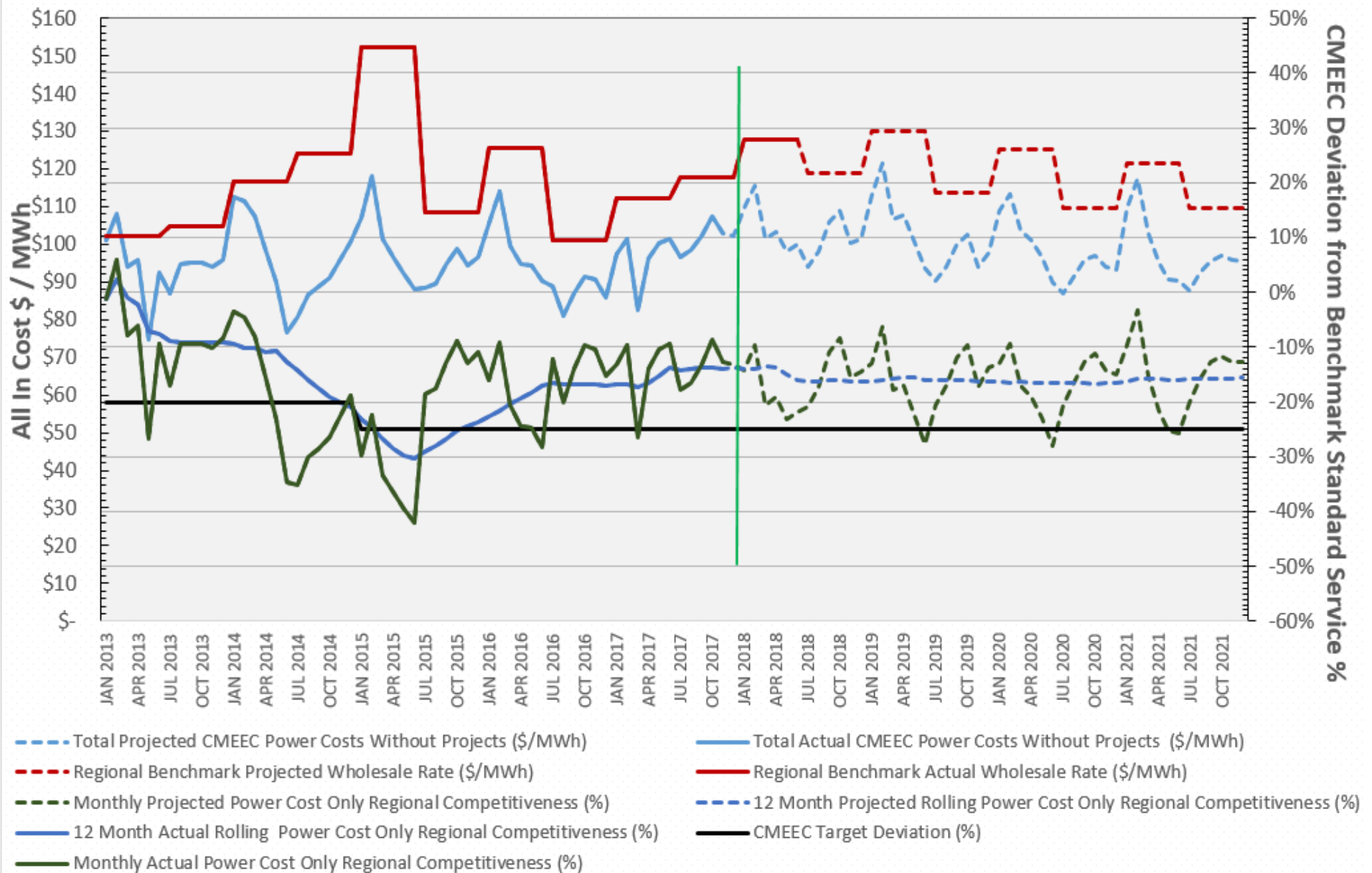
	CMEEC Wholesale Cost	Standard Service Wholesale Cost	Competitive Supplier Wholesale Cost
Components Included in <u>Power Cost Only</u> Chart	Energy Cost Ancillary Service Cost Capacity Cost Fixed Cost (A&G/Debt) Transmission Cost RMR/ISO Cost Demand Resp. Credit	Std. Service GSC Comp. Trans. Adj. (CTA) Systems Benefit Charge Transmission Charge FMCC Delivery Charge FMCC Gener. Charge	Compet. Supplier GSC Comp. Trans. Adj. (CTA) Systems Benefit Charge Transmission Charge FMCC Delivery Charge
Components included in <u>with Projects</u> Chart	“without Investments” Total Pierce Cost/Benefit DG Cost/Benefit MicroGen Cost/Benefit TRANSCO Margin	<i>Same as above</i>	<i>Same as above</i>
Components not included in either Chart	MEU Transm. Facilities MEU Conserv. Contrib.	Distribution Charge	Distribution Charge

CMEEC Rate 9 Energy Rate Comparison With and Without Hedging Contracts

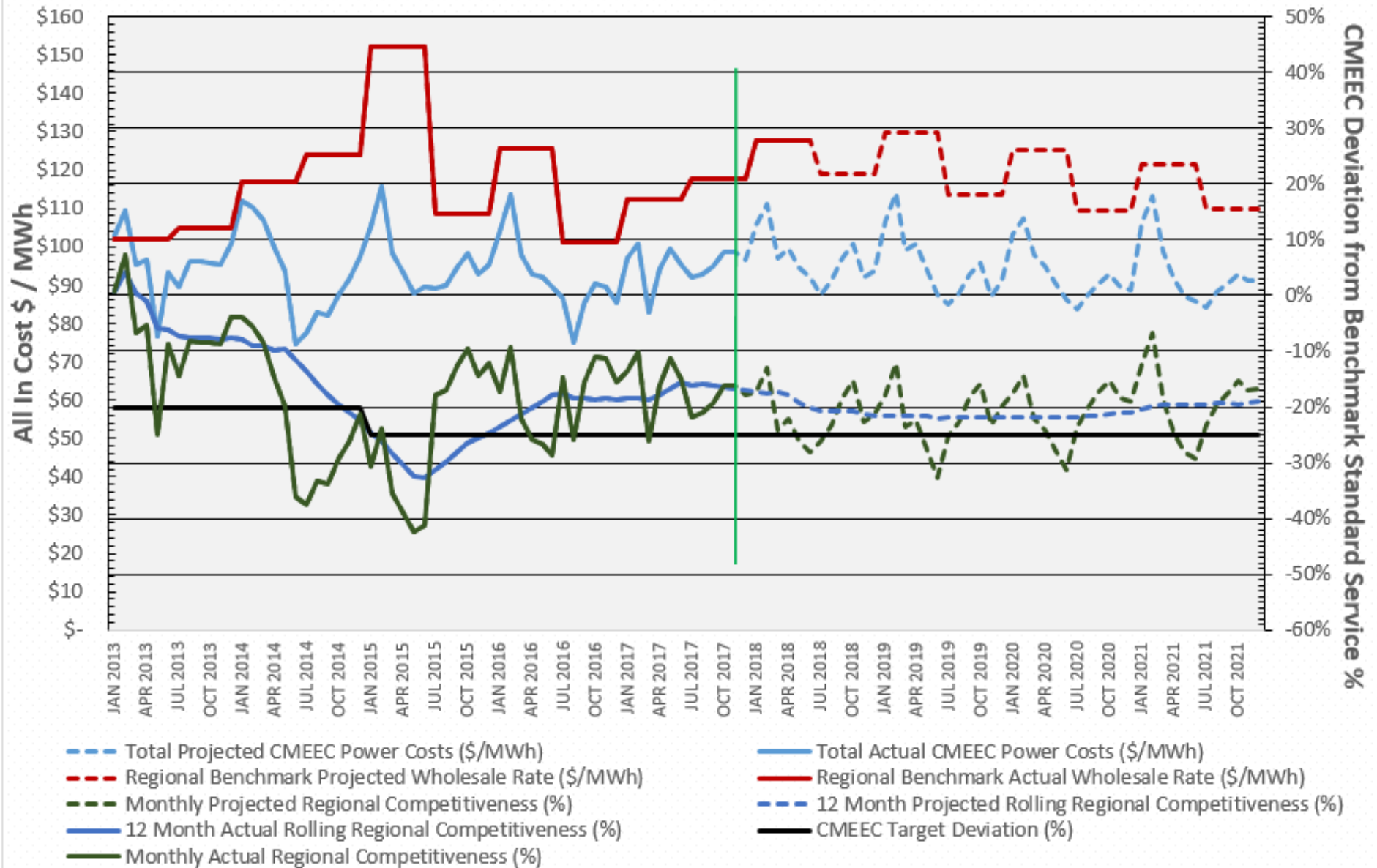
Actual Data through November 2017



Comparison of Residential "All-In" Wholesale Costs - Power Cost Only CMEEC vs. Regional Benchmark (Actual Data through November 2017)

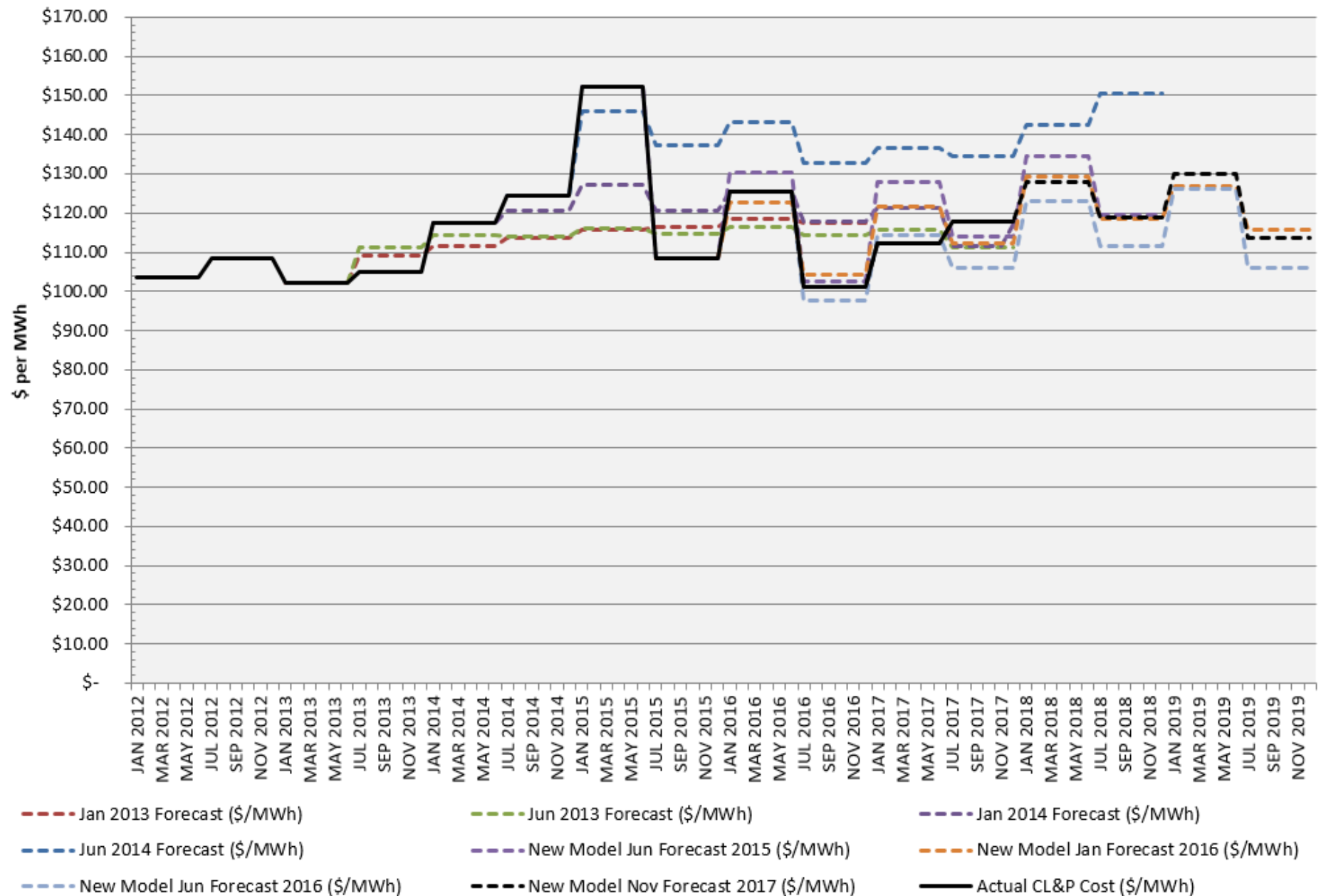


Comparison of Residential "All-In" Wholesale Costs - with Projects CMEEC vs. Regional Benchmark (Actual Data through November 2017)



Comparison of Regional Benchmark Standard Service Rate Projections

Wholesale Equivalent Forecasts developed between January 2013 and December 2017 for selected months



CMEEC Financial Stability Report

- **Objective:** Update on CMEEC Financial Performance

November 2017 Financial Stability Metrics	Current Month		Year to Date		Year End	
	Budget/ Target	Estimate	Budget/ Target	Estimate	Budget/ Target	Projected
Non-Fuel Operating (Net Basis)	\$ 464,193	\$ 522,322	\$ 5,916,413	\$ 7,663,743	\$ 6,357,788	\$ 8,283,023
Days Cash On Hand	100	155	100	155	100	151
Equity to Debt Ratio	20%	31%	20%	31%	20%	28%
Current Ratio	2.20	2.54	2.20	2.54	2.20	2.77

- **Decision Required or Informing:** Informational
- **Essential/Critical Points:**
 1. Financial Performance: Estimated Non-Fuel Operating as of November 30, 2017
 - Year to date November Non-Fuel Operating expenses are estimated to be 13%, \$1,620,556, over budget on a gross basis, and 30%, \$1,747,330, over budget on a net basis. Total 2017 Non-Fuel Operating expenses are projected to be 30%, \$1,925,235 over budget on a net basis. The main driver is contemplated, non-budgeted, legal expenses.
 2. Days Cash on Hand

Days Cash on Hand requirement established with Credit Agreements = 60 days (~\$25 Million) including amounts in Rate Stabilization Funds and Municipal Trusts.

 - November 2017 estimate:
 - \$ 9.5 million = 27 days - Operating & General Reserve Cash
 - \$29.2 million = 81 days - Rate Stabilization Fund
 - \$17.1 million = 47 days - Municipal Trust Cash
 - \$55.8 million = 155 days - Total days cash on hand
 - Projected Cash on Hand at January 31, 2018:
 - \$ 6.7 million = 19 days - Operating & General Reserve Cash
 - \$29.2 million = 82 days - Rate Stabilization Fund
 - \$17.2 million = 48 days - Municipal Trust Cash
 - \$53.1 million = 149 days - Total days cash on hand

3. Equity/Debt Ratio

- Minimum ratio of 20% equity / 80% debt established in Membership Agreement. Projected year end assumes existing debt levels as of November 30, 2017 and Equity Distribution of \$5,048,663.

- Estimated Equity/Debt Ratio for November 30, 2017:

Equity	=	\$ 35,270,400	31%
Debt	=	\$ 79,065,000	69%
Total	=	\$ 114,335,400	100%

4. Current Ratio

Defined as current assets divided by current liabilities. This ratio is an important metric in credit analysis and as a measure of liquidity/ability to pay. The estimated current ratio as of November 30, 2017 is 2.55.

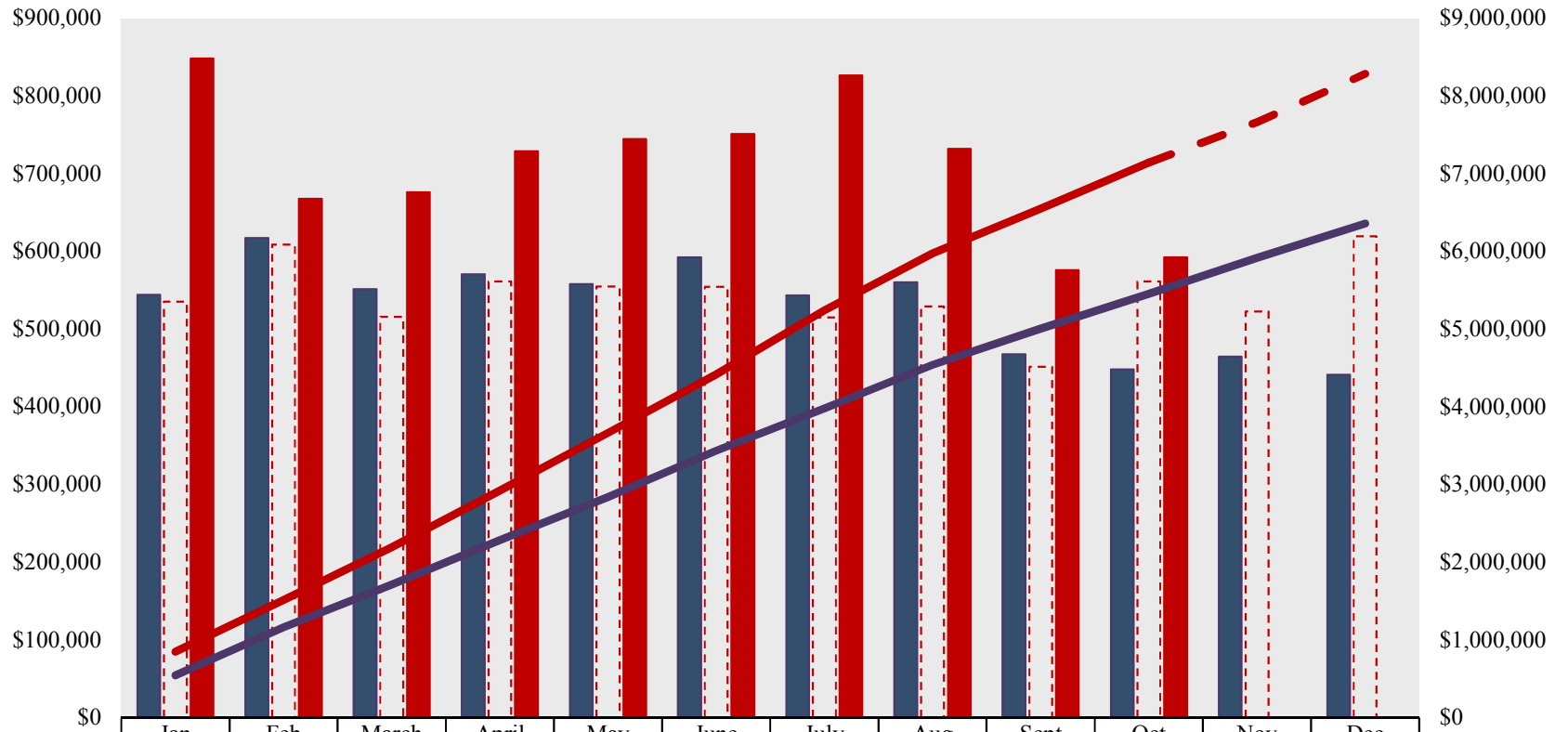
Estimated Current Assets	\$ 74,775,000
Estimated Current Liabilities	\$ 29,360,000
Estimated Current Ratio	2.55

- **Critical Dates:** N/A
- **Decision Statement:** N/A

CMEEC Non-fuel Operating Expense 2017

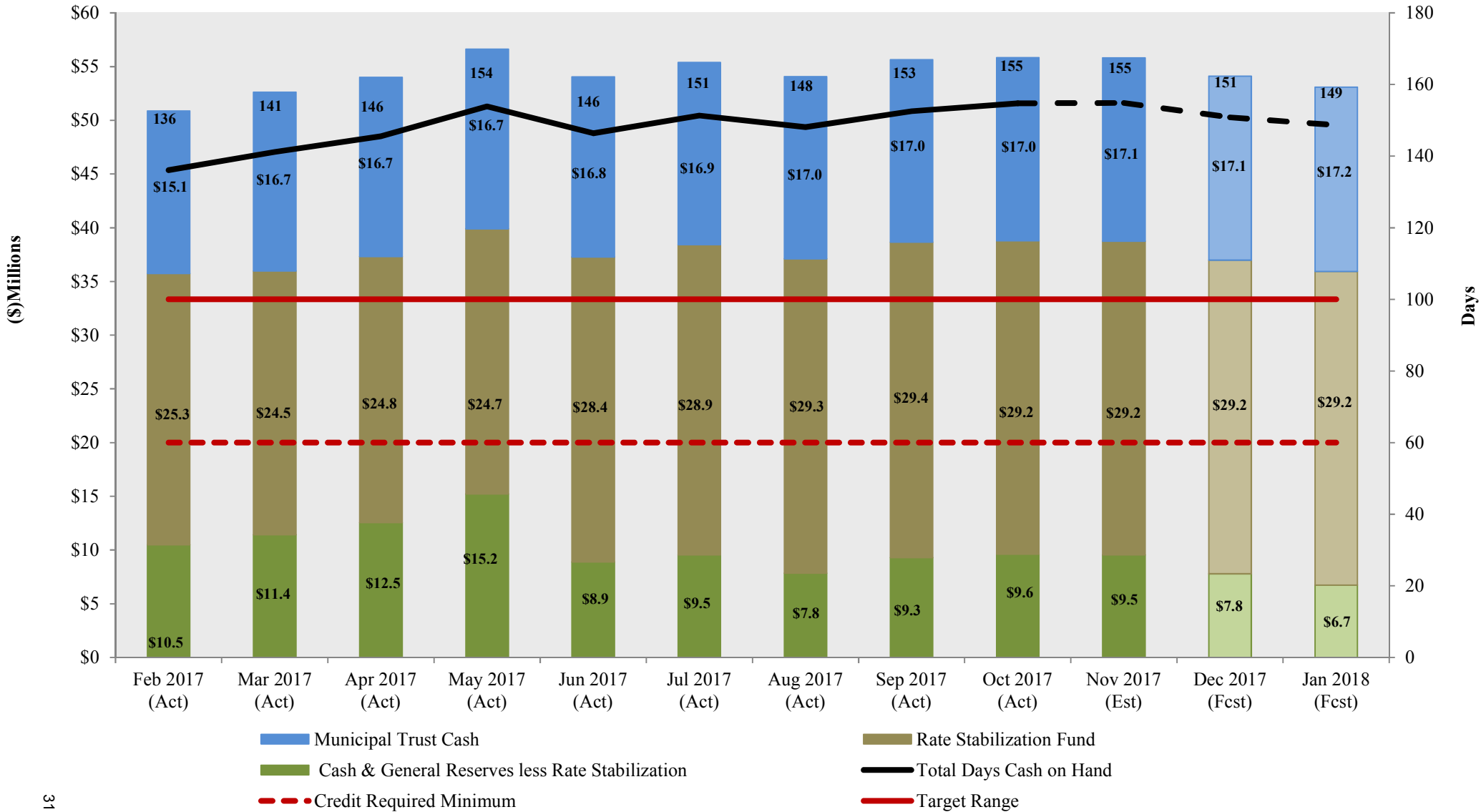
	Estimated YTD 11/30/2017			Projected 12/31/2017		
			Variance (Under)/Over			Variance (Under)/Over
	Budget	Estimate	Budget	Budget	Estimate	Budget
Non Fuel Operating Costs						
Non-fuel O&M	\$ 3,502,880	\$ 3,420,131	\$ (82,749)	\$ 3,786,334	\$ 3,690,417	\$ (95,917)
Salaries Gross	3,617,189	3,574,403	(42,786)	3,950,814	3,906,587	(44,227)
Office Supplies & Expenses:	611,744	669,919	58,175	657,424	718,466	61,042
Outside Services	1,187,409	2,991,023	1,803,614	1,292,674	3,171,272	1,878,598
Insurance	617,102	538,128	(78,974)	675,695	594,878	(80,817)
Employee Benefits	1,441,730	1,305,489	(136,241)	1,475,065	1,337,939	(137,126)
Miscellaneous & General	537,487	479,750	(57,737)	602,700	624,046	21,346
Rent	7,184	14,920	7,736	8,058	16,831	8,773
Maintenance	254,797	264,322	9,525	273,621	296,780	23,159
Non Bond Funded Depreciation	142,602	265,250	122,648	156,951	294,387	137,436
Payroll Tax	232,000	249,345	17,345	247,000	264,345	17,345
Total Gross Non-fuel Operating	\$ 12,152,124	\$ 13,772,680	\$ 1,620,556	\$ 13,126,336	\$ 14,915,948	\$ 1,789,612
Allocated to Generation Assets	\$ (5,611,043)	\$ (5,446,554)	\$ 164,489	\$ (6,087,093)	\$ (5,913,756)	\$ 173,337
Allocated to Other Projects	(624,668)	(662,382)	(37,714)	(681,455)	(719,170)	(37,715)
Total Allocated	\$ (6,235,711)	\$ (6,108,937)	\$ 126,774	\$ (6,768,548)	\$ (6,632,926)	\$ 135,622
Net Non-fuel Operating	\$ 5,916,413	\$ 7,663,743	\$ 1,747,330	\$ 6,357,788	\$ 8,283,023	\$ 1,925,235
Percentage variance Gross Non-fuel Budget			13%			14%
Percentage variance Non-fuel Net Budget			30%			30%

CMEEC 2017 Net Non-Fuel Operating

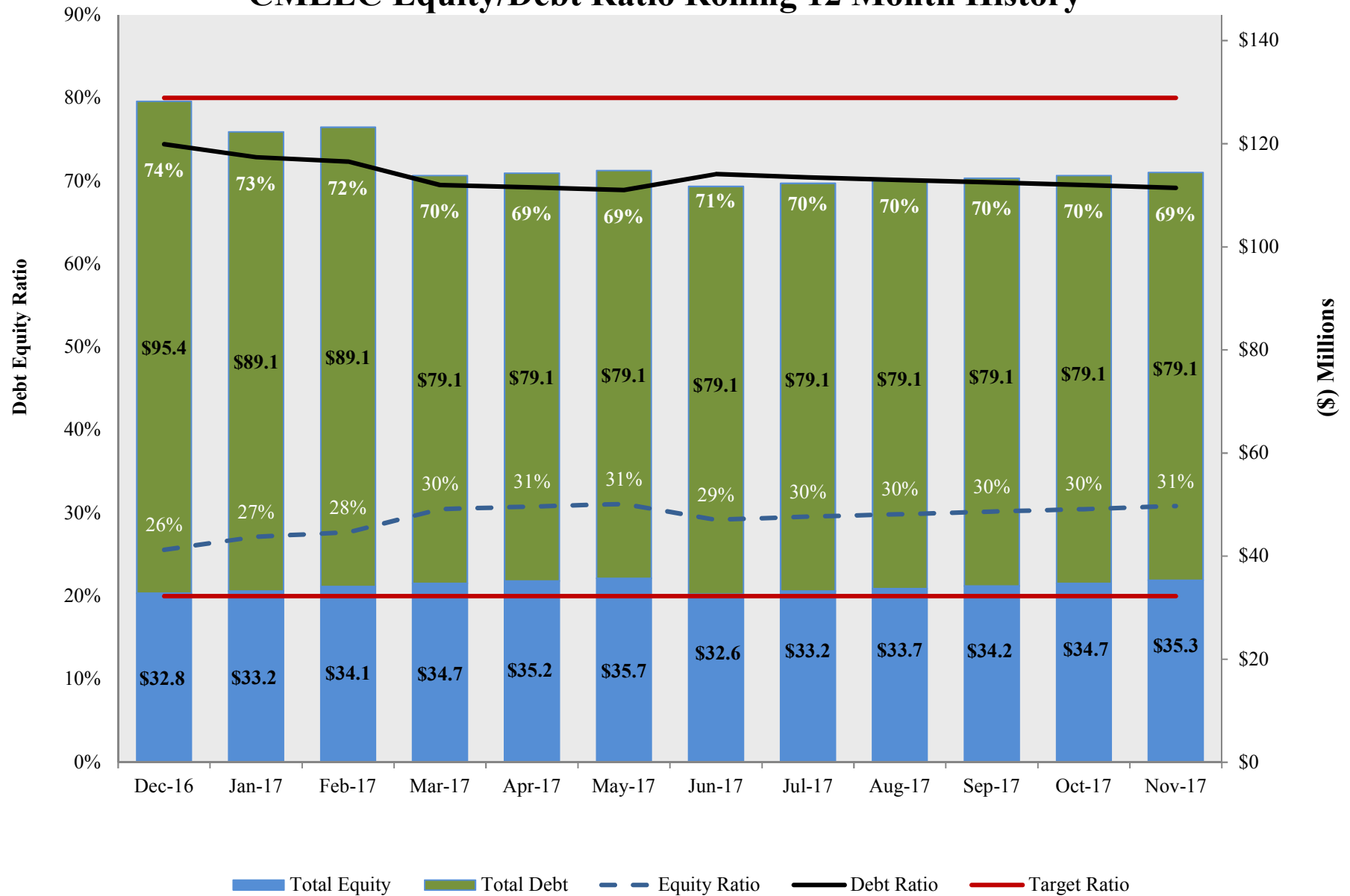


	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec
■ Budget	543,873	617,087	551,447	570,484	557,674	592,431	543,295	560,255	467,604	448,070	464,193	441,375
- - - Forecast	535,166	608,754	515,761	561,135	554,692	554,296	514,756	529,092	451,545	561,187	522,322	619,279
■ Actual	847,747	667,585	675,943	728,746	744,266	750,852	826,439	731,604	575,736	592,502	-	-
— YTD Budget	543,873	1,160,960	1,712,407	2,282,891	2,840,565	3,432,996	3,976,291	4,536,546	5,004,150	5,452,220	5,916,413	6,357,788
- - - YTD Forecast										7,141,421	7,663,743	8,283,023
— YTD Actual	847,747	1,515,333	2,191,275	2,920,021	3,664,287	4,415,140	5,241,578	5,973,182	6,548,918	7,141,421		

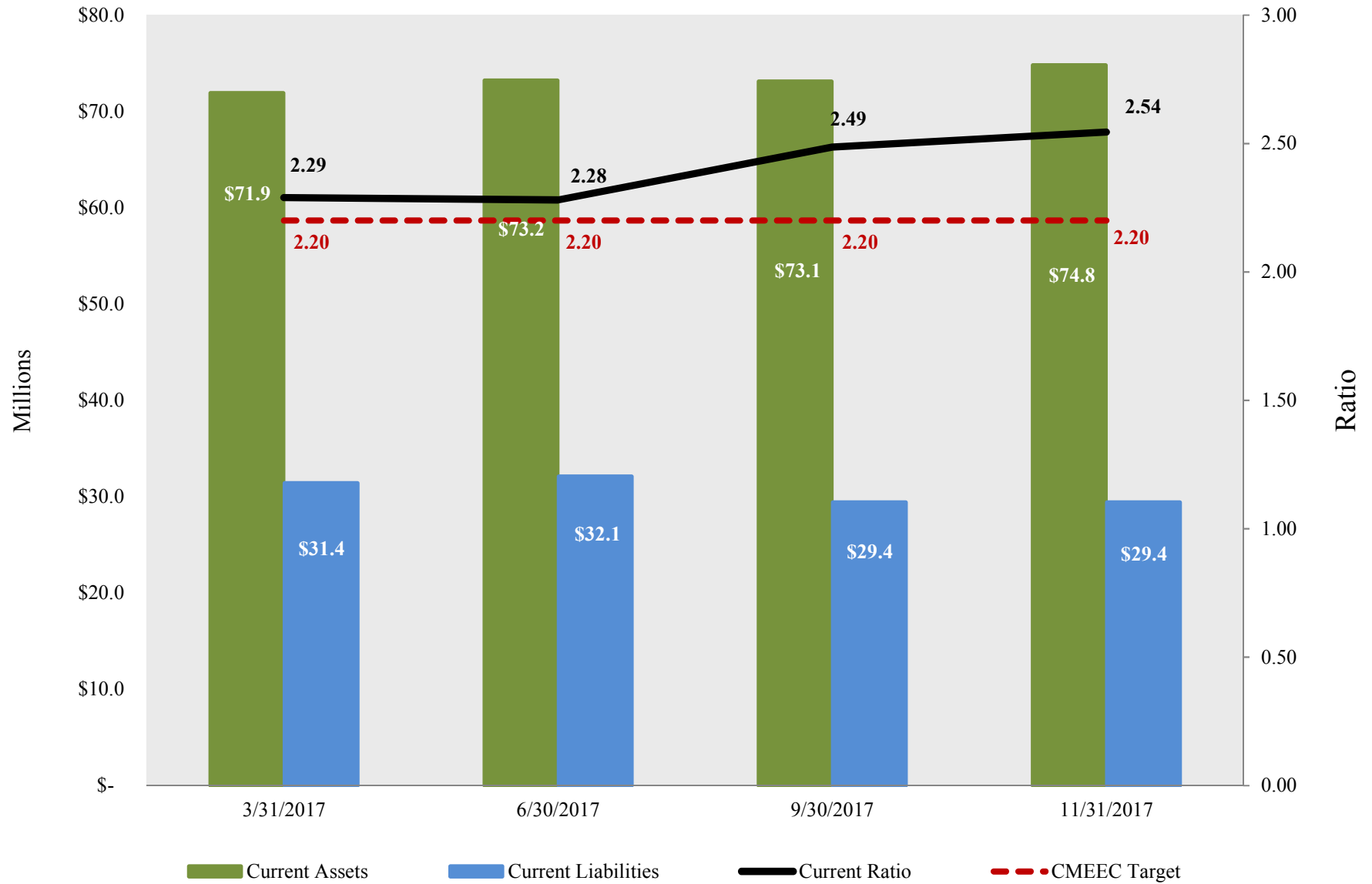
CMEEC (Only) Days Cash On Hand Unrestricted Cash + Municipal Trust Funds



CMEEC Equity/Debt Ratio Rolling 12 Month History



CMEEC Current Ratio Rolling Quarterly Average



Monthly Risk Management Policy Oversight and Compliance Report



To: File
From: Dylan Phillips
Date: October 16, 2017
Subject: Risk Management Policy Compliance

Consistent with the Enterprise Risk Management Policy approved by the CMEEC Board of Directors, the CMEEC internal management and control shall meet on a regular basis to conduct prudent and prescribed reviews of energy procurement practices. This letter affirms such reviews were conducted by Drew Rankin in the CEO role, Ed Pryor in the CFO role, Scott Whittier in the Director of Enabling Services role, and Dylan Phillips in the Risk Analyst role for the month of September 2017.

Monthly, the CEO, CFO, Director of Enabling Services, and Risk Analyst shall perform the following responsibilities as defined in the ERMP, including, but not limited to:

- Review the transaction log from the previous month and month to date
- Review the Executive Mark to Market report from the previous month and month to date
- Verify CMEEC is compliant with RMP requirements for position and targets
- Verify the RMP is current and valid
- Review FTR auction bid report and ensure compliance

The signature below verifies and confirms that the CEO, CFO, Director of Enabling Services, and Risk Analyst conducted their designated roles and responsibilities consistent with the Enterprise Risk Management Policy.

Dylan Phillips
Risk Analyst

A handwritten signature in black ink, appearing to read "Dylan Phillips", is written over a horizontal line.

Review Date: October 16, 2017



30 Stott Avenue ▶ Norwich, Connecticut 06360
p ▶ 860.889.4088 f ▶ 860.889.8158 w ▶ cmeec.org

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ANNUAL TARGET REQUIREMENTS

Director of Portfolio Management Certifications:

In Compliance (yes/no): **Yes.**

Exceptions:

MONTHLY TARGET REQUIREMENTS

Director of Portfolio Management Certifications:

In Compliance (yes/no): **Yes.**

Exceptions:

MONTHLY DIVERSITY LIMIT REQUIREMENTS

Director of Portfolio Management Certifications:

In Compliance (yes/no): **Yes****MARK TO MARKET REPORT**

Director of Portfolio Management Certifications:

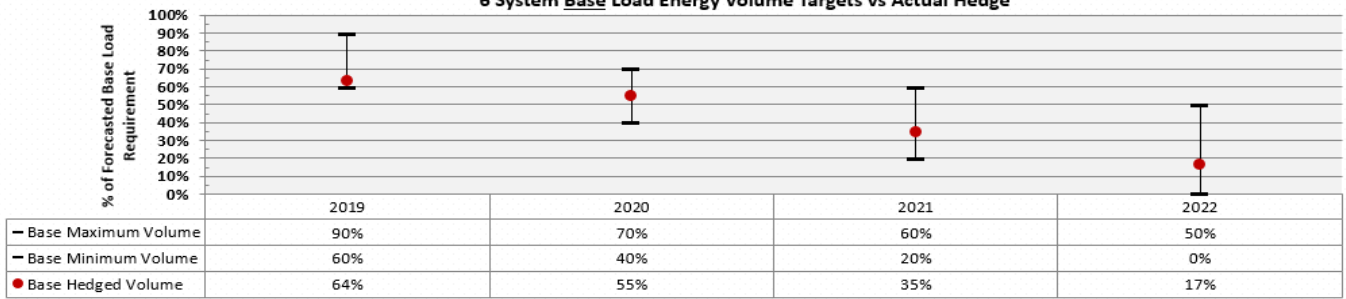
In Compliance (yes/no): **Yes**

Exceptions:

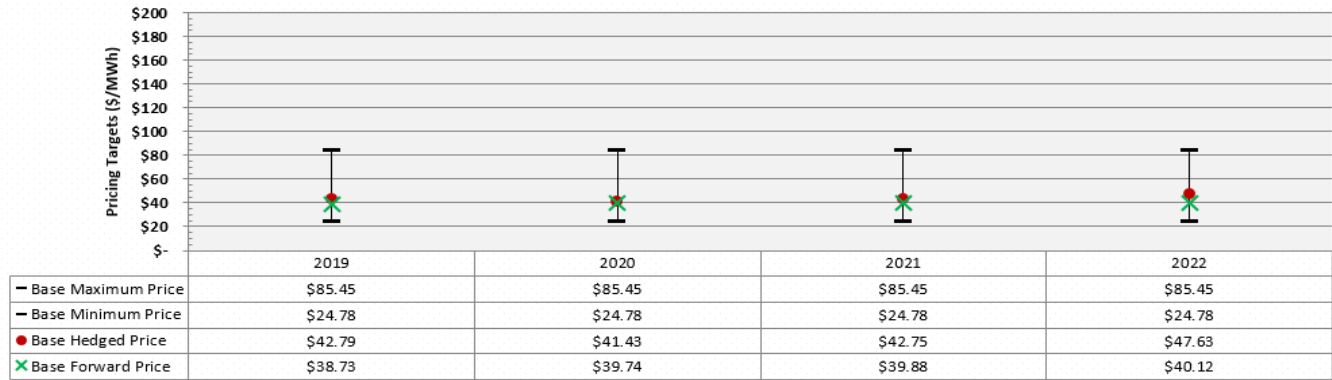
The undersigned asserts the attached information presents a true and accurate representation of CMEEC's Portfolio Management strategy and compliance with the Risk Management Policies and Procedures.

Strategic Operations Apprentice: *Hao Ni* Date: 12/11/2017Principal Operations Analyst : *Elena Kabanova* Date: 12/11/2017Director of Portfolio Management Signature: *Justin Connell* Date: 12/11/2017

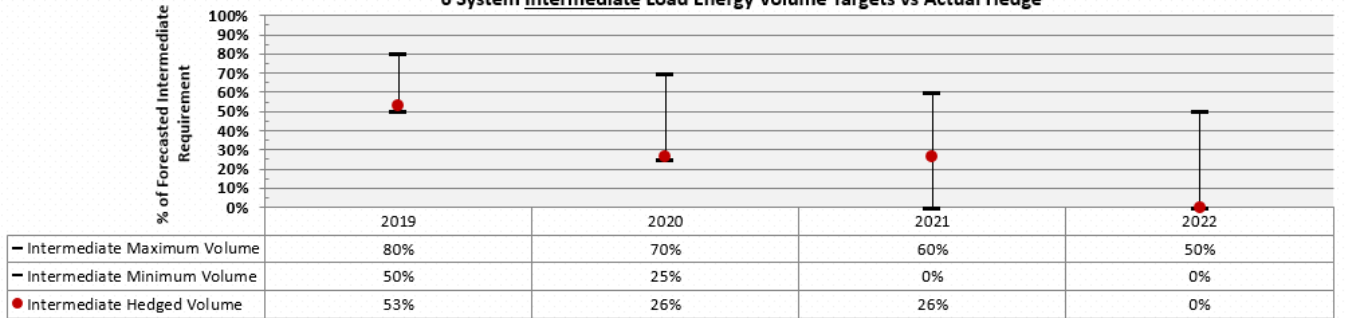
6 System Base Load Energy Volume Targets vs Actual Hedge



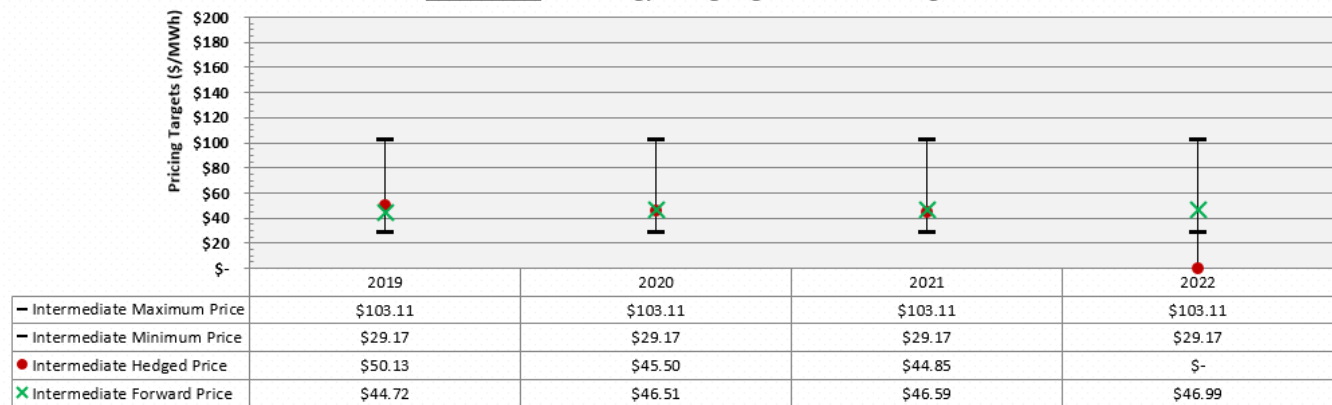
Base Load Energy Pricing Targets and Actual Hedge Costs



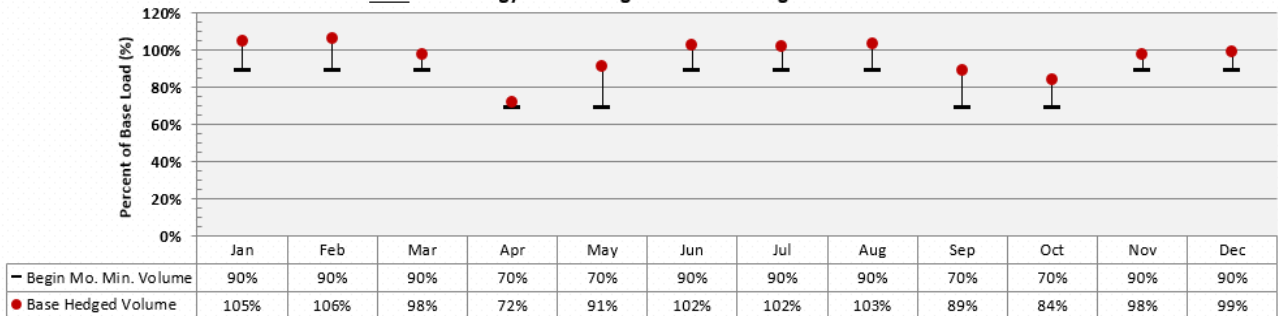
6 System Intermediate Load Energy Volume Targets vs Actual Hedge



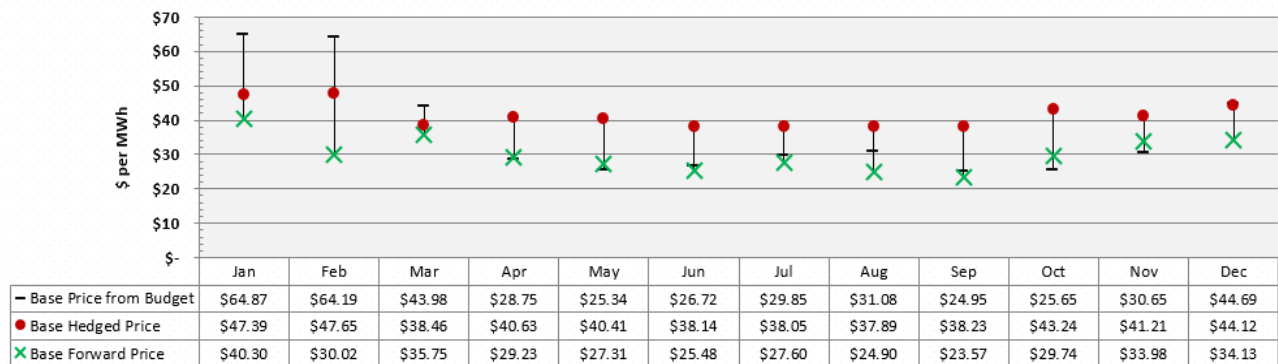
Intermediate Load Energy Pricing Targets and Actual Hedge Costs



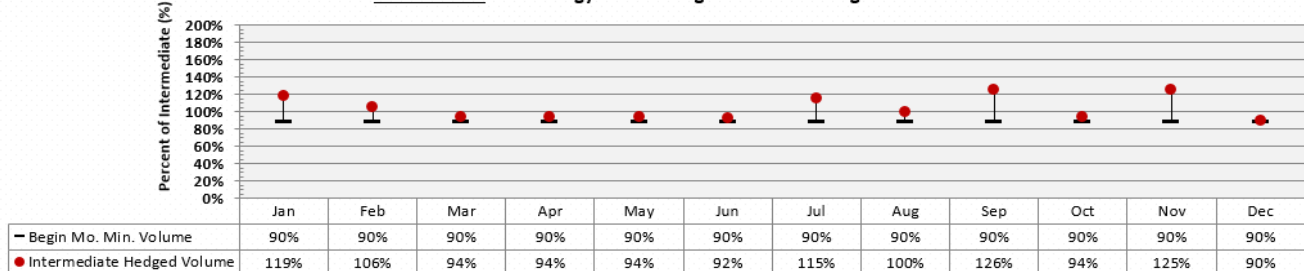
Base Load Energy Volume Targets vs Actual Hedge - 2017



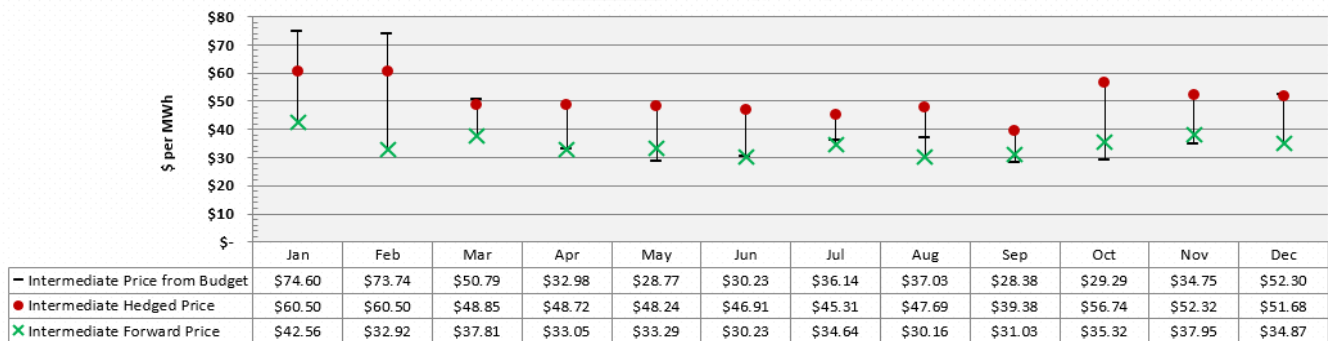
Current Year Base Load Energy Pricing Targets vs Actual Hedge - 2017



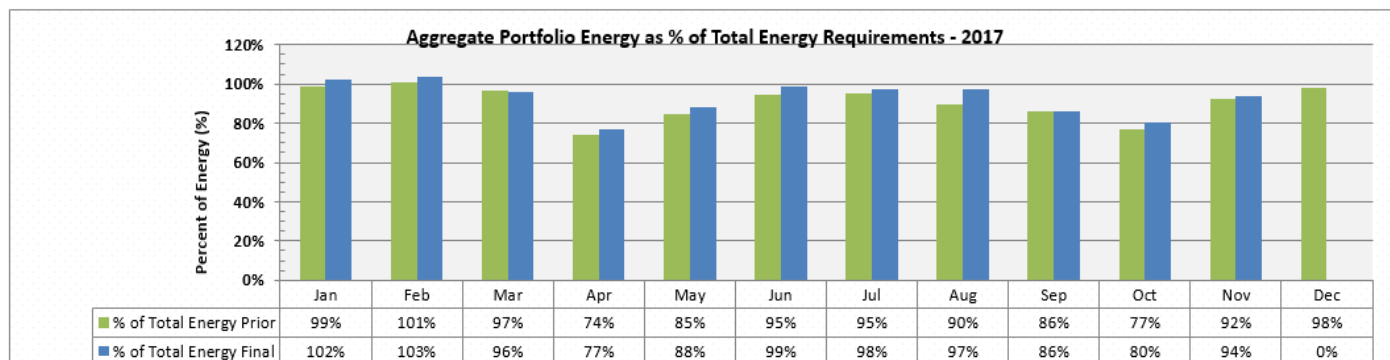
Intermediate Load Energy Volume Targets vs Actual Hedge - 2017



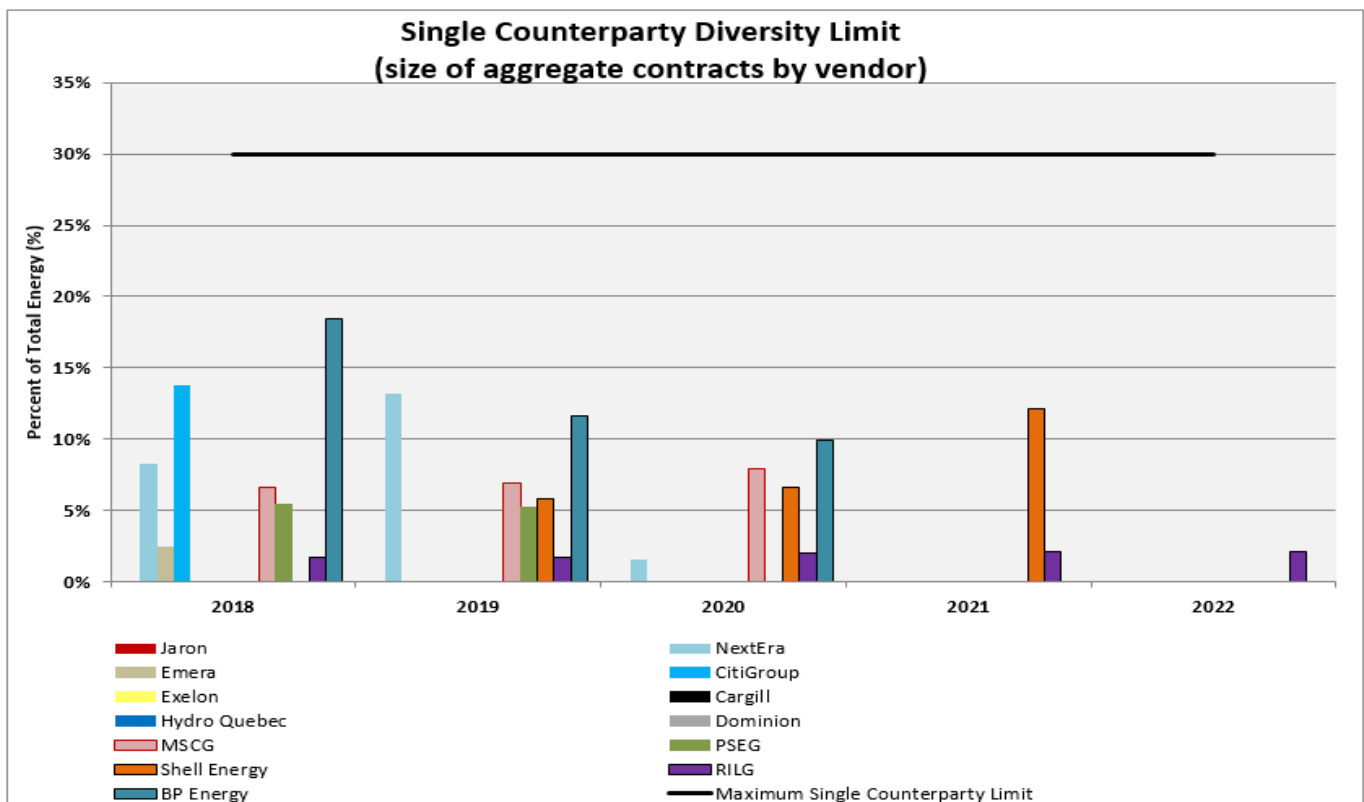
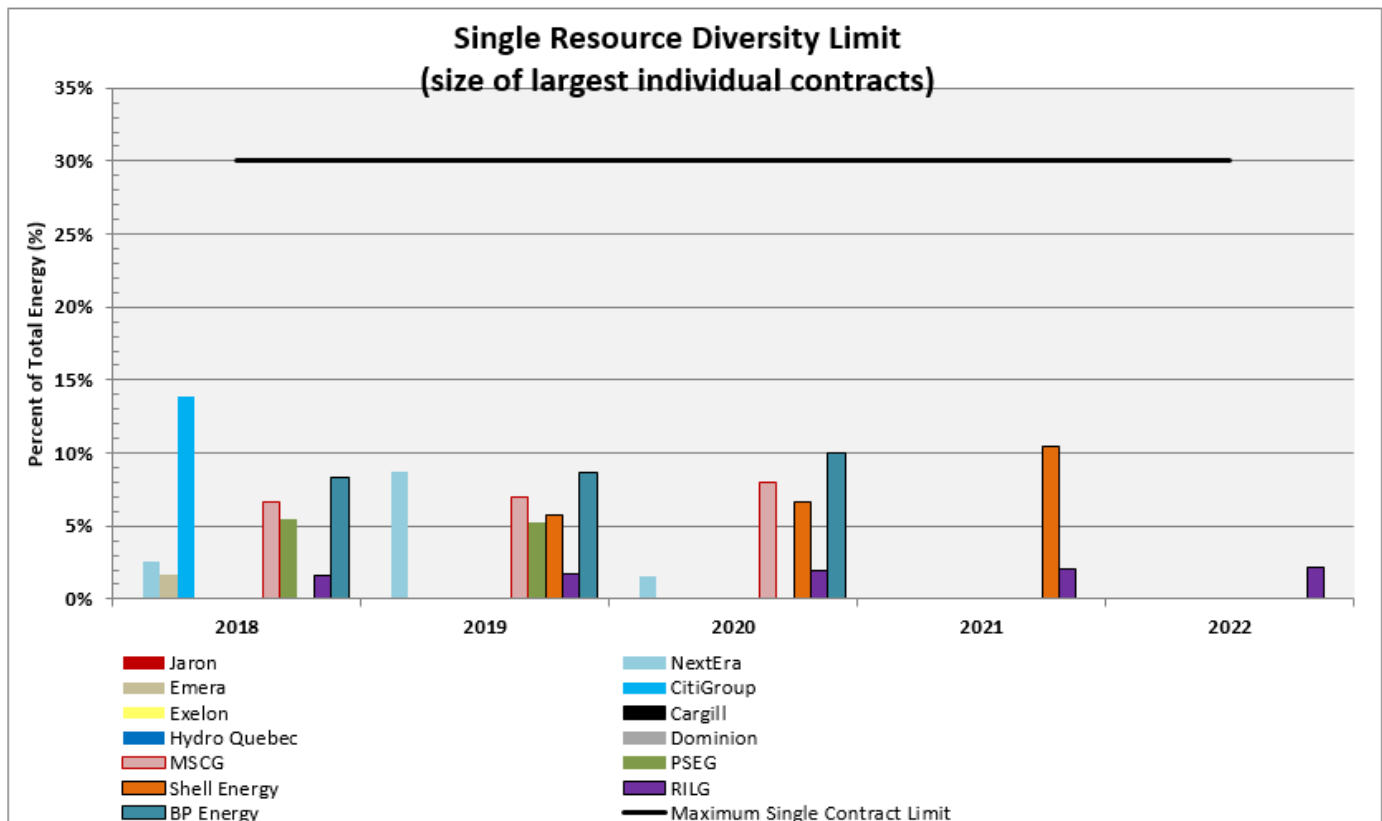
Current Year Intermediate Load Energy Pricing Targets vs Actual Hedge - 2017



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#12 MTM Hedge Credit as of 12/14/17

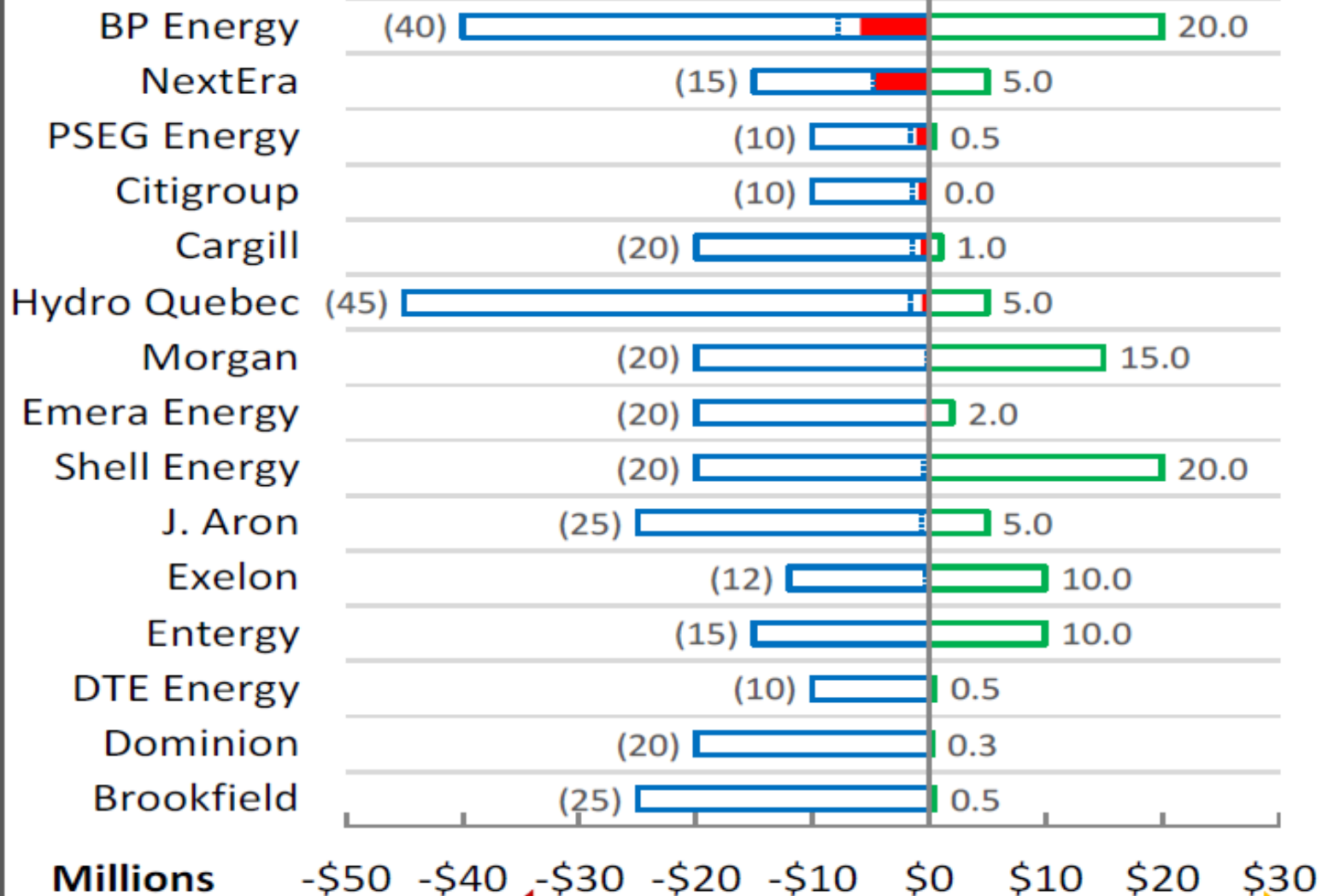
□ CMEEC Credit Limit w/ Counterparty

□ Counterparty Credit Limit w/ CMEEC

▤ Last 12 Months Avg Exposure

■ Counterparty Exposure

■ CMEEC Exposure



Millions

-\$50 -\$40 -\$30 -\$20 -\$10 \$0 \$10 \$20 \$30

C.Party Exposure

CMEEC Exposure

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“All In” Budget to Actual to Forecast

Objective: Update Rate 9

Decision Required or Informational: Informational

Essential/Critical Points:

November 2017 Total Power Cost (Net of CMEEC Margin, Equity and Projects):

Cost Group	Current Month		Year To Date		Year End	
	Budget	Actual	Budget	Actual	Budget	Projected
All In Power Cost Rate 9 View (\$/MWh)	\$103.91	\$102.75	\$99.76	\$98.56	\$99.33	\$98.88

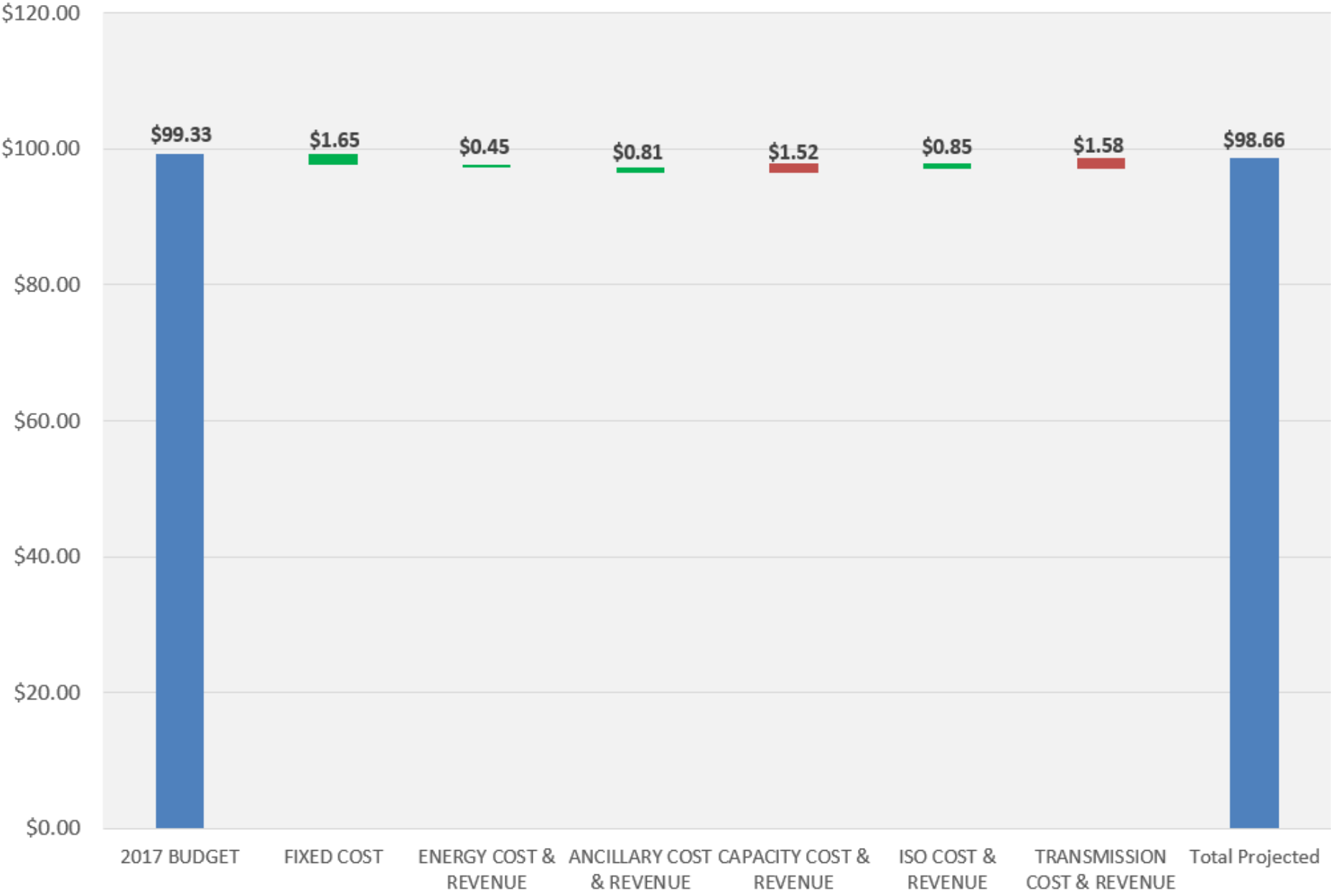
- November 2017 Loads 2.36% (1,599 MWh) below budget

Critical Dates:

The Portfolio Management report is a Rate 9 view, inclusive of Rate 9 customer entitlement allocations in projects. The Asset Management reports are whole dollar views without distinction of project participants, and therefore, the values will not be equal in all cases.

Breakdown of CMEEC All-In Rate 9 Power Cost Update for CY2017

\$/MWh Year End Final Projection - Actual Costs through November



November 2017 Energy Costs Analysis

December 11, 2017

November Market Prices Overview

- Energy Costs were below budget by \$1.50/MWh (3.32%)
- Actual Demand was 1,600 MWh lower, and Unit Contingent resources were 910 MWh higher than the Budget
- Henry Hub gas price was \$0.07 lower than the budget and transportation cost was \$0.42 lower than the budget. Despite lower gas costs, a higher than expected heat rate resulted in DA LMP higher than the Budget.
 - Average daily LMPs (4000) ranged from a low of **\$13.40** per MWh to a high of **\$74.89** per MWh
 - Algonquin price varied between **\$1.34** and **\$8.75** per MMBTU
 - Henry Hub price varied between **\$2.64** and **\$3.18** per MMBTU

November 2017 Energy Costs

- November 2017 Budget Rate 9 Energy Cost = \$45.17/MWh
- November 2017 Projected Rate 9 Energy Cost = \$43.67/MWh
- November 2017 Avg. LMP (CMEEC Load) = \$30.22/MWh

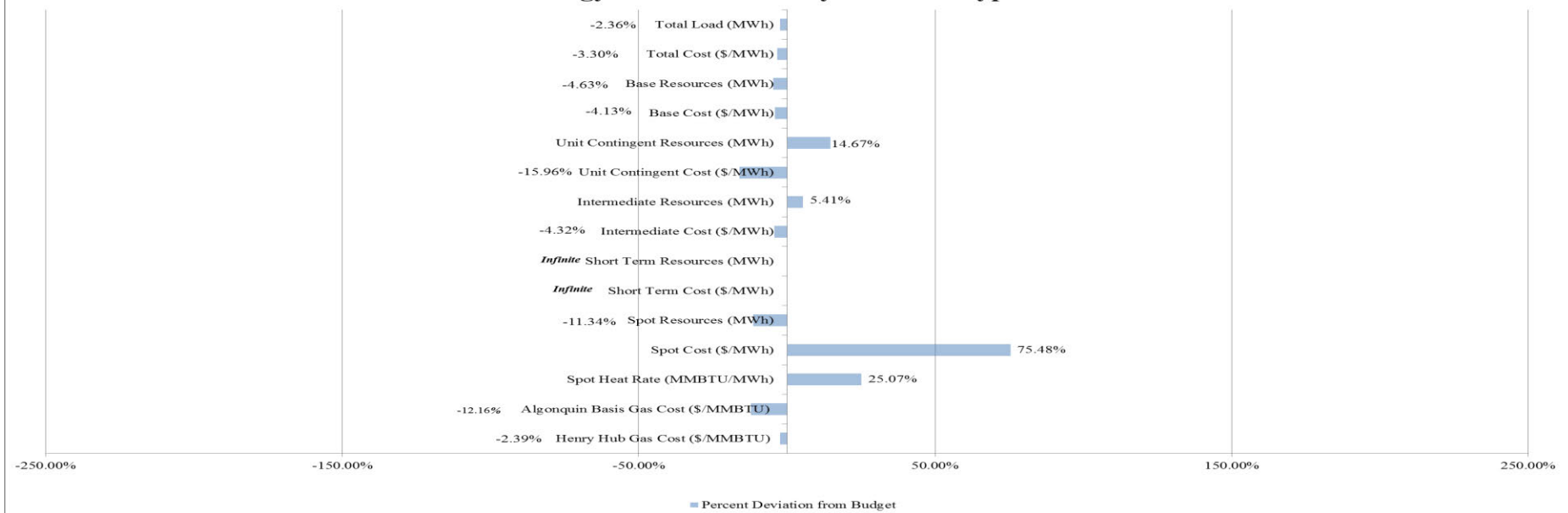
Budget to Actual Power Sources

November 2017

	Budget			Actual		
	GWh	% of Load	\$/MWh	GWh	% of Load	\$/MWh
Total Load	67.75	100%	\$45.17	66.15	100%	\$43.67
Base	51.84	77%	\$49.10	49.44	75%	\$47.07
Unit Cont.	6.22	9%	\$27.02	7.13	10%	\$22.70
Intermed.	6.22	9%	\$54.69	6.55	10%	\$52.32
Short-Term	0.00	0%	\$0.00	(0.05)	0%	\$4.93
Spot (DA/RT)	3.47	5%	\$30.54	3.08	5%	\$53.60

Note: Total Load \$/MWh includes miscellaneous charges and credits that are not reflected in the individual resource totals in this chart.

November 2017 Energy Cost Deviation by Resource Type - Price and Volume



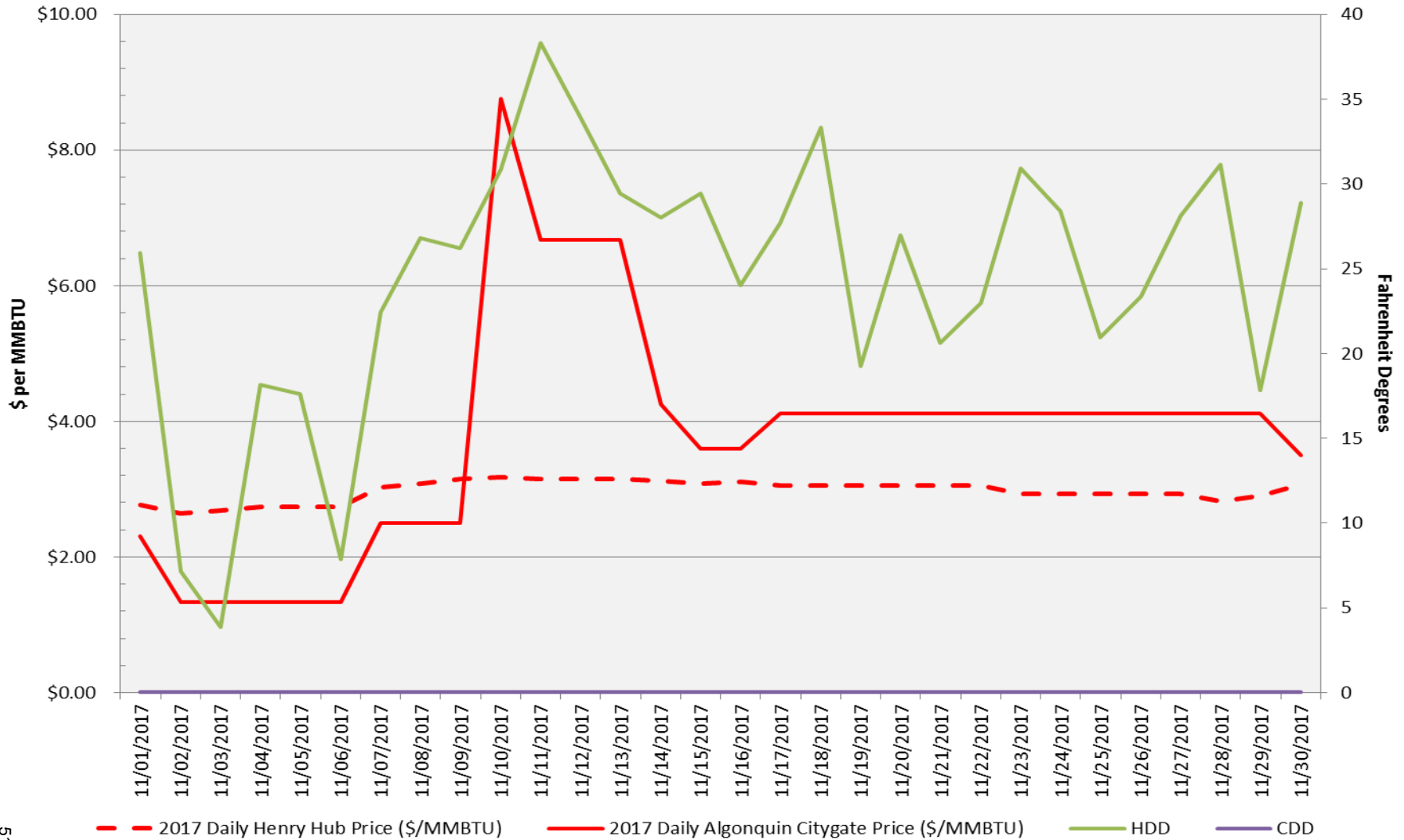
	Budget	Actual	Deviation	Percent Deviation
Henry Hub Gas Cost (\$/MMBTU)	\$ 3.09	\$ 3.02	\$ (0.07)	-2.39%
Algonquin Basis Gas Cost (\$/MMBTU)	\$ 4.00	\$ 3.51	\$ (0.49)	-12.16%
Spot Heat Rate (MMBTU/MWh)	7.64	9.55	1.91	25.07%
Spot Cost (\$/MWh)	\$ 30.54	\$ 53.60	\$ 23.05	75.48%
Spot Resources (MWh)	3,469	3,076	(393)	-11.34%
Short Term Cost (\$/MWh)	\$ -	\$ 4.93	\$ 4.93	Infinite
Short Term Resources (MWh)	-	(52)	(52)	Infinite
Intermediate Cost (\$/MWh)	\$ 54.69	\$ 52.32	\$ (2.36)	-4.32%
Intermediate Resources (MWh)	6,216	6,552	336	5.41%
Unit Contingent Cost (\$/MWh)	\$ 27.02	\$ 22.70	\$ (4.31)	-15.96%
Unit Contingent Resources (MWh)	6,222	7,134	913	14.67%
Base Cost (\$/MWh)	\$ 49.10	\$ 47.07	\$ (2.03)	-4.13%
Base Resources (MWh)	51,840	49,438	(2,403)	-4.63%
Total Cost (\$/MWh)	\$ 45.17	\$ 43.67	\$ (1.49)	-3.30%
Total Load (MWh)	67,747	66,148	(1,599)	-2.36%

Delivered Price of Natural Gas

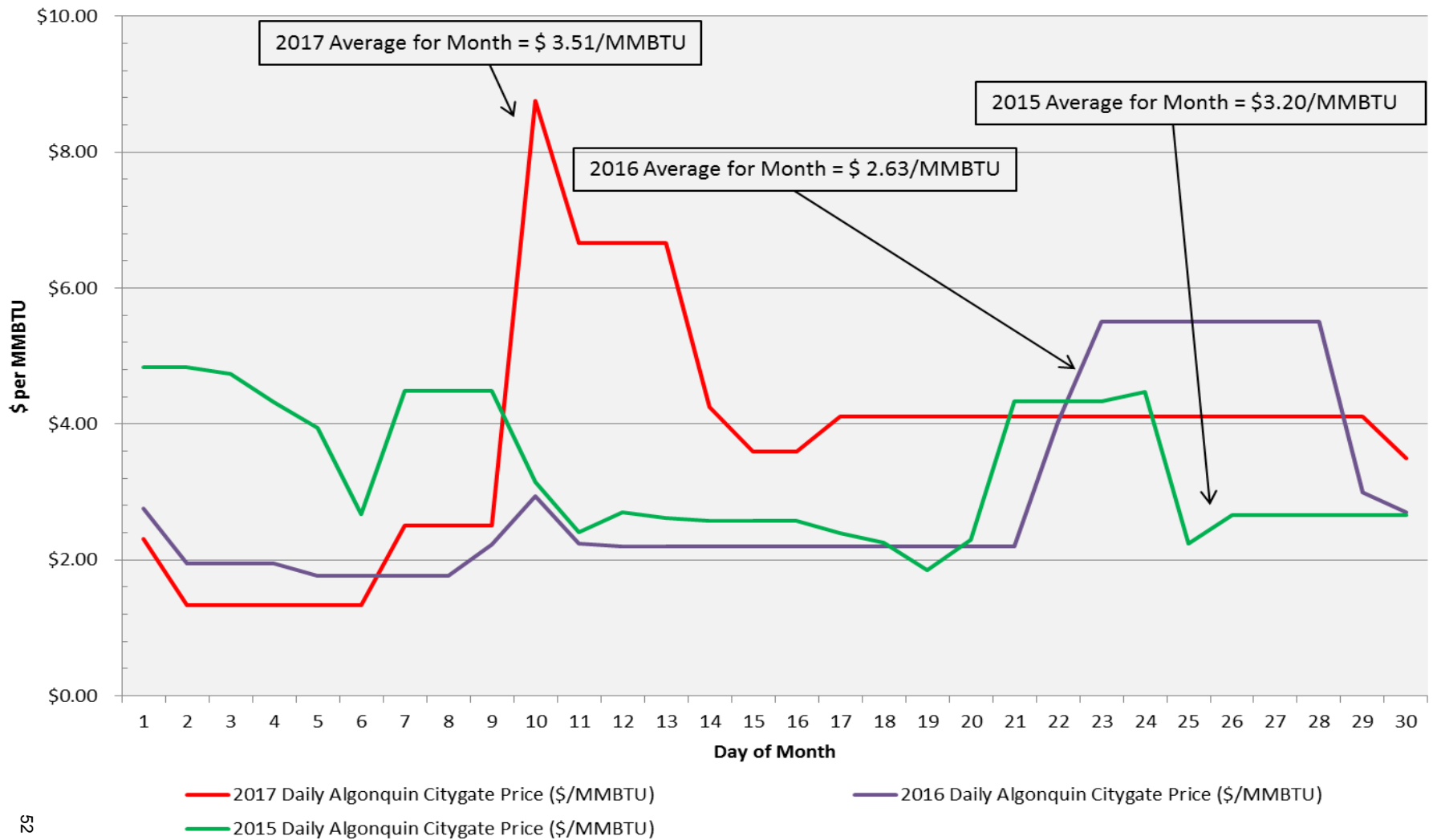
- November 2017
 - NE delivered natural gas prices averaged \$3.51/MMBTU for the month. There were 9 days under \$2.80/MMBTU and 4 days above \$4.50/MMBTU
 - Resulted in LMP and forward market prices \$3.02/MWh higher than what was expected and budgeted

Gas Prices and Heating & Cooling Degree Days

November 2017



Algonquin Gas Prices in Month of November 2015 - 2017



LMP, Heat Rates, and Gas Prices Comparison

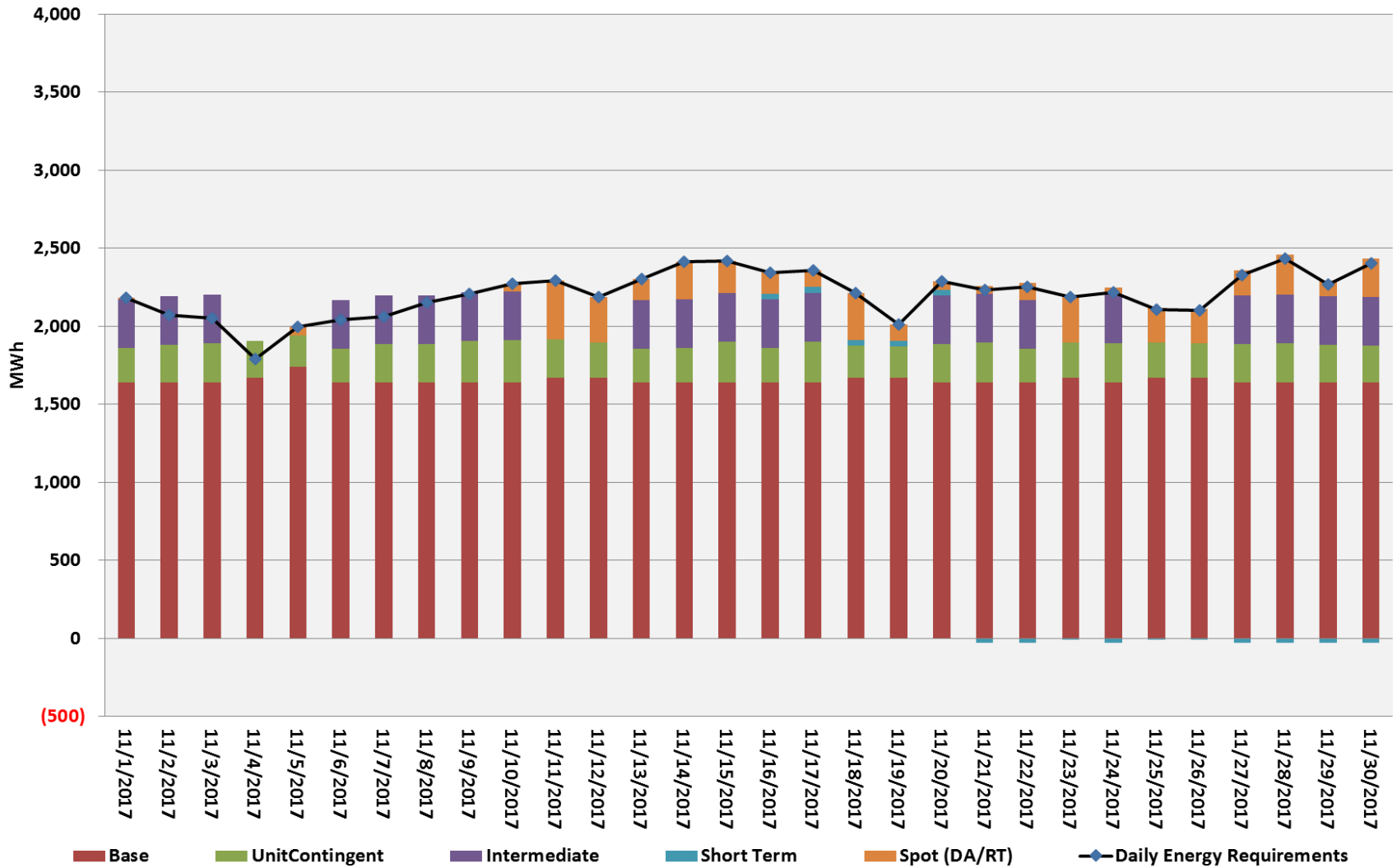
	Average 2014-2016 for November	November 2017 Budget	November 2017 Actual
DA LMP (\$/MWh)	\$33.24	\$30.55	\$33.56
Average Heat Rate (MMBTU/MWh)	8.491	7.638	9.552
Henry Hub Gas Price (\$/MMBTU)	\$2.87	\$3.09	\$3.02
Algonquin City Gate Gas Price (\$/MMBTU)	\$3.91	\$4.00	\$3.51
"Basis Spread" (\$/MMBTU)	\$1.04	\$0.91	\$0.49

Note: In developing power cost projections, CMEEC includes the cost of gas transportation in the underlying spot market heat rate based on historical data and does not currently develop a separate forecast of the Algonquin "basis spread".

Unit Contingent Source Availability

- CMEEC long-term unit contingent contracts
 - RI Landfill Gas contract 6.6 MW maximum had a 0.00% Capacity Factor
 - Community Solar Garden contract 13.0 MW maximum had a 16.47% Capacity Factor
 - Shortfall represented approximately 0.08% of the monthly energy requirement
 - Estimated impact is \$0.90/MWh decremental

Sources of Power in November 2017



Mitigating Actions Taken

- In the months leading to November 2017, purchased 8.0 MW at \$34.95/MWh to comply with Risk Management Policy minimum volume targets
 - Price for spot energy in budget was \$30.54 /MWh
- Purchased additional resources on 5 days and sold excess resources on 10 days within the month of November 2017
- No physical call option with MicroGen fleet for the month of November 2017

DA Forward Market Price vs. DA LMP vs. CMEEC Rate 9 Energy Rate November 2017



57

CMEEC Board of Directors
December 21, 2017 Board Meeting
Maximize Asset Value

CMEEC Margin Report

- **Objective:** Update on CMEEC Financial Performance

November 2017 Maximize Asset Value F&A Metrics	Current Month		Year to Date		Year End	
	Budget	Estimate	Budget	Estimate	Budget	Projected
CMEEC Margin	\$ 353,907	\$ 75,389	\$ 4,084,871	\$ 3,038,297	\$ 4,466,683	\$ 3,127,984
Equity Buildup	\$ 367,729	\$ 550,000	\$ 4,045,019	\$ 5,976,276	\$ 4,412,748	\$ 6,526,276

- **Decision Required or Informing:** Informational
- **Essential/Critical Points:**

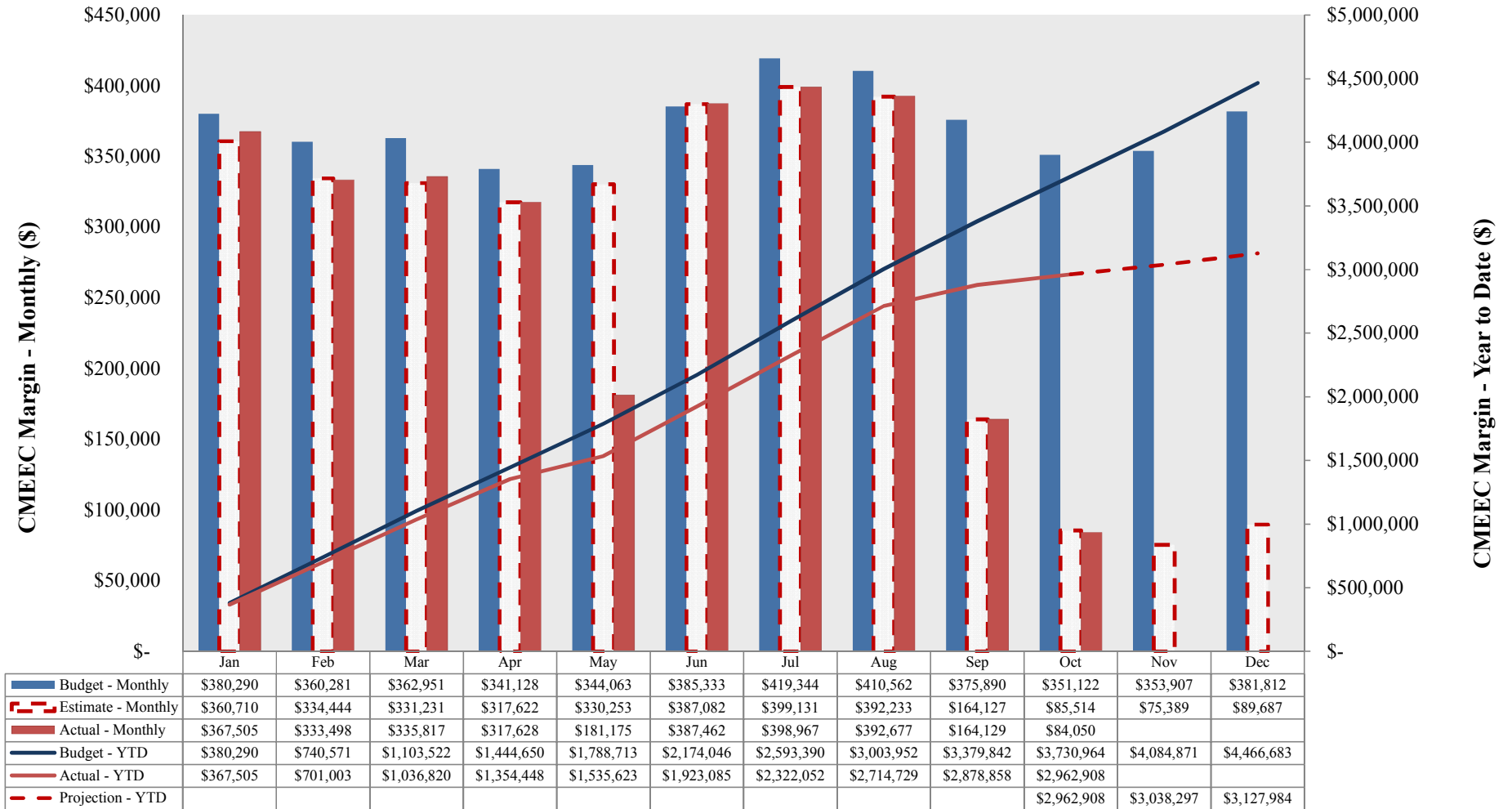
CMEEC Margin includes margins on sales to MTUA, special contract customers of the MEUs, and aggregation loads; services provided to TRANSCO and others; as well as the usage related charge billed under Rate 9.

Total budgeted margin for 2017	=	\$ 4,466,683
Estimated Margin through December 31, 2017	=	\$ 3,127,984

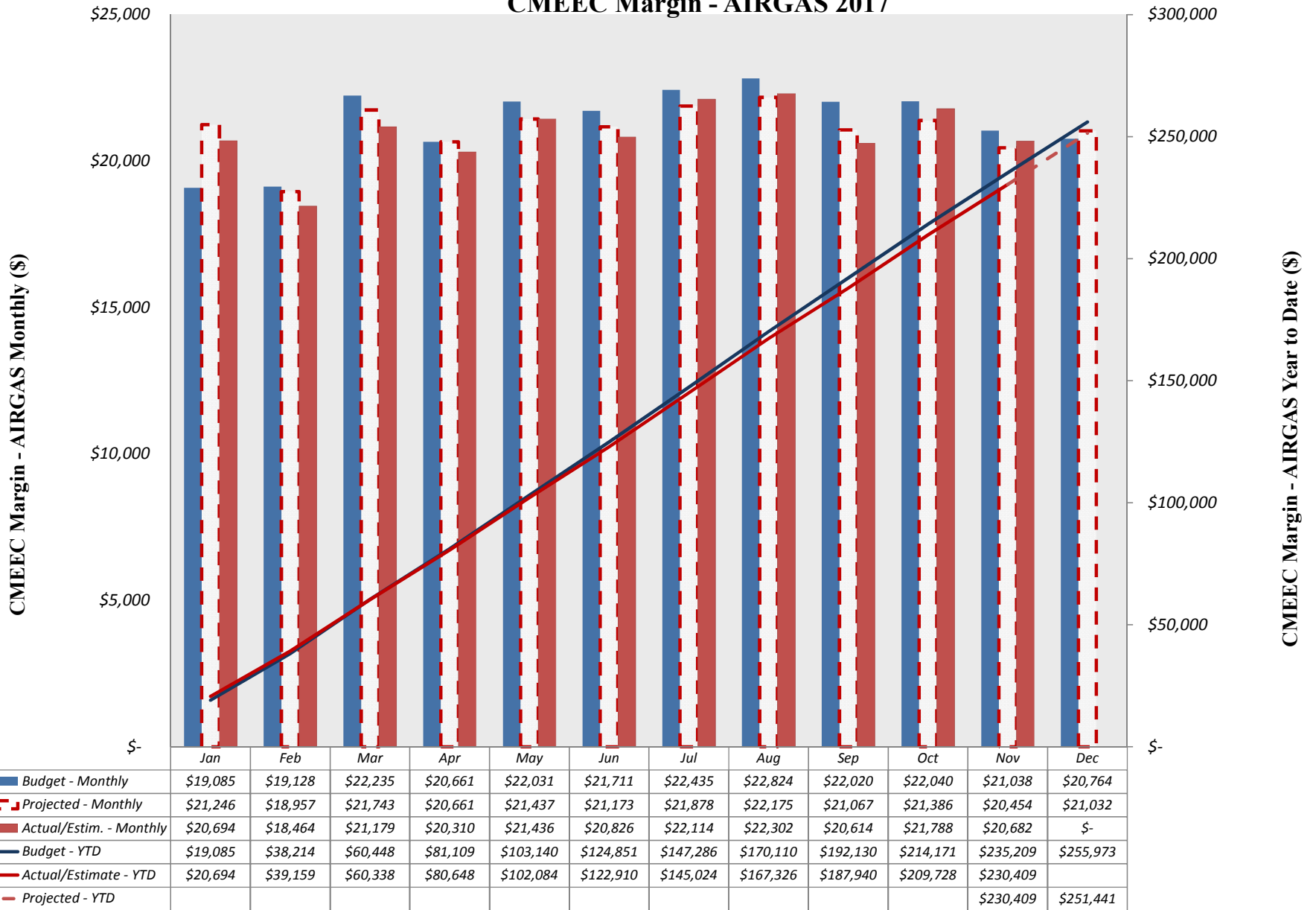
Margin is projected to be 30%, \$1,338,699 under budget for 2017 due primarily to lower margin from Competitive Supply Customers.

- **Critical Dates:** N/A
- **Decision Statement:** N/A

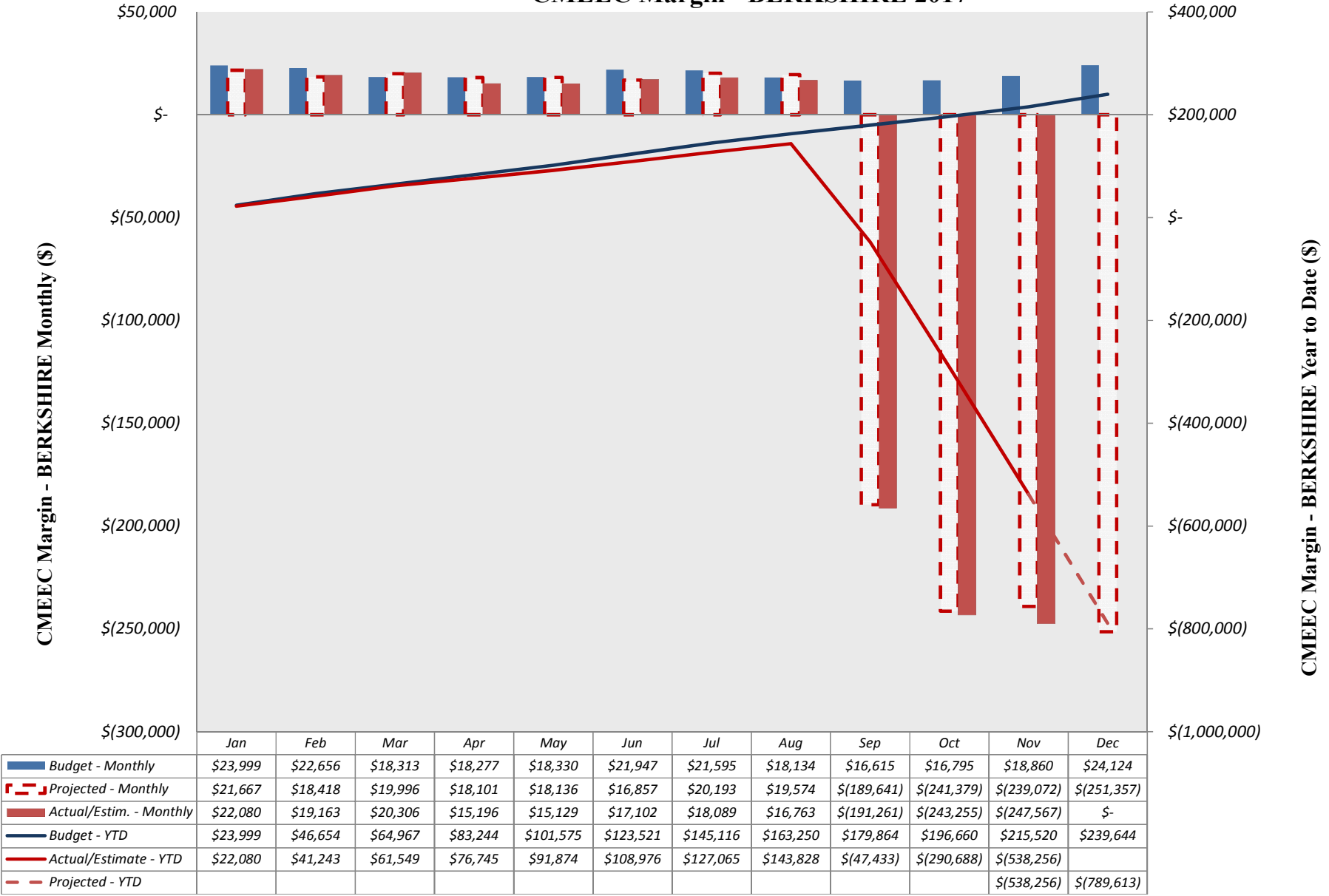
CMEEC Margin - 2017



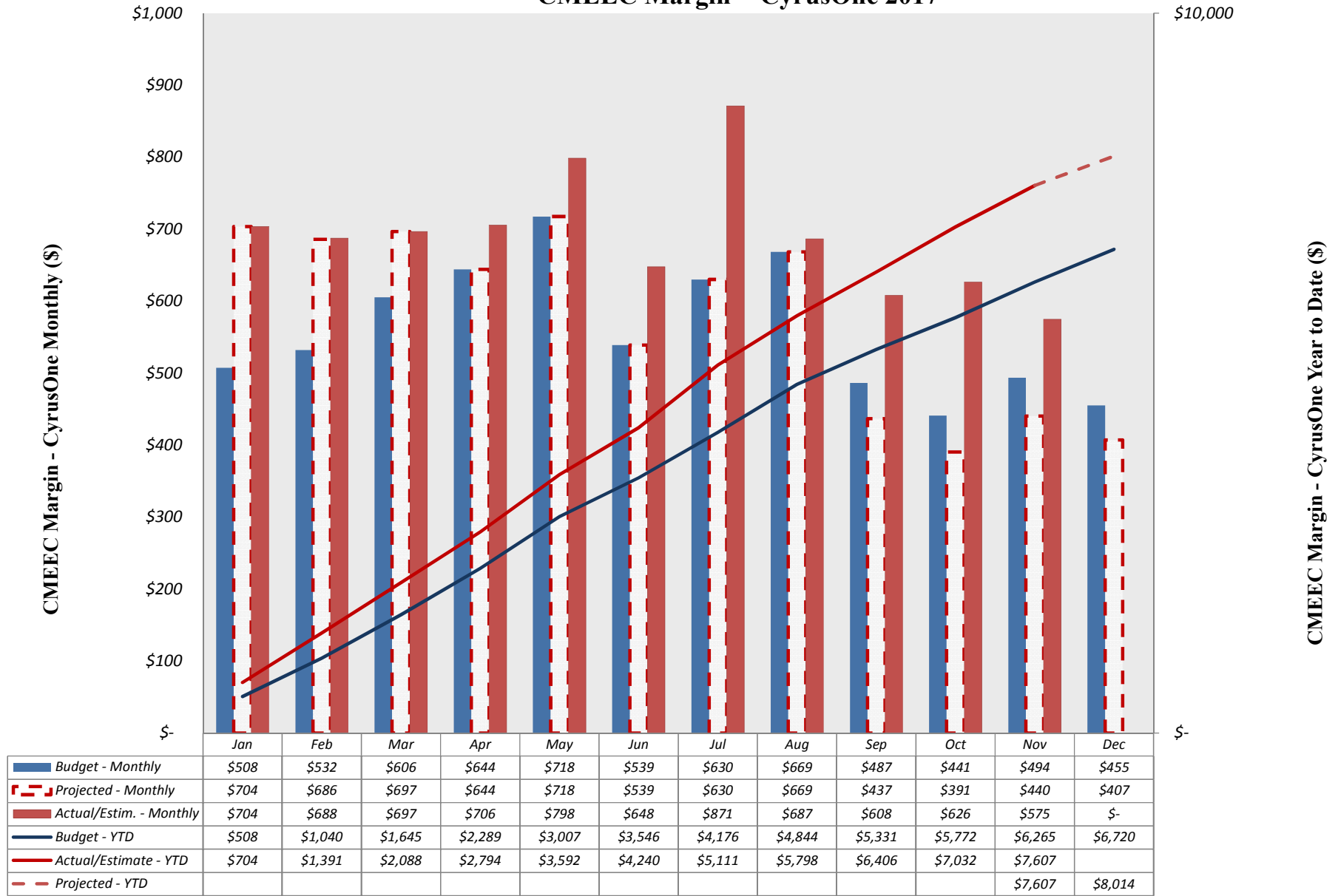
CMEEC Margin - AIRGAS 2017



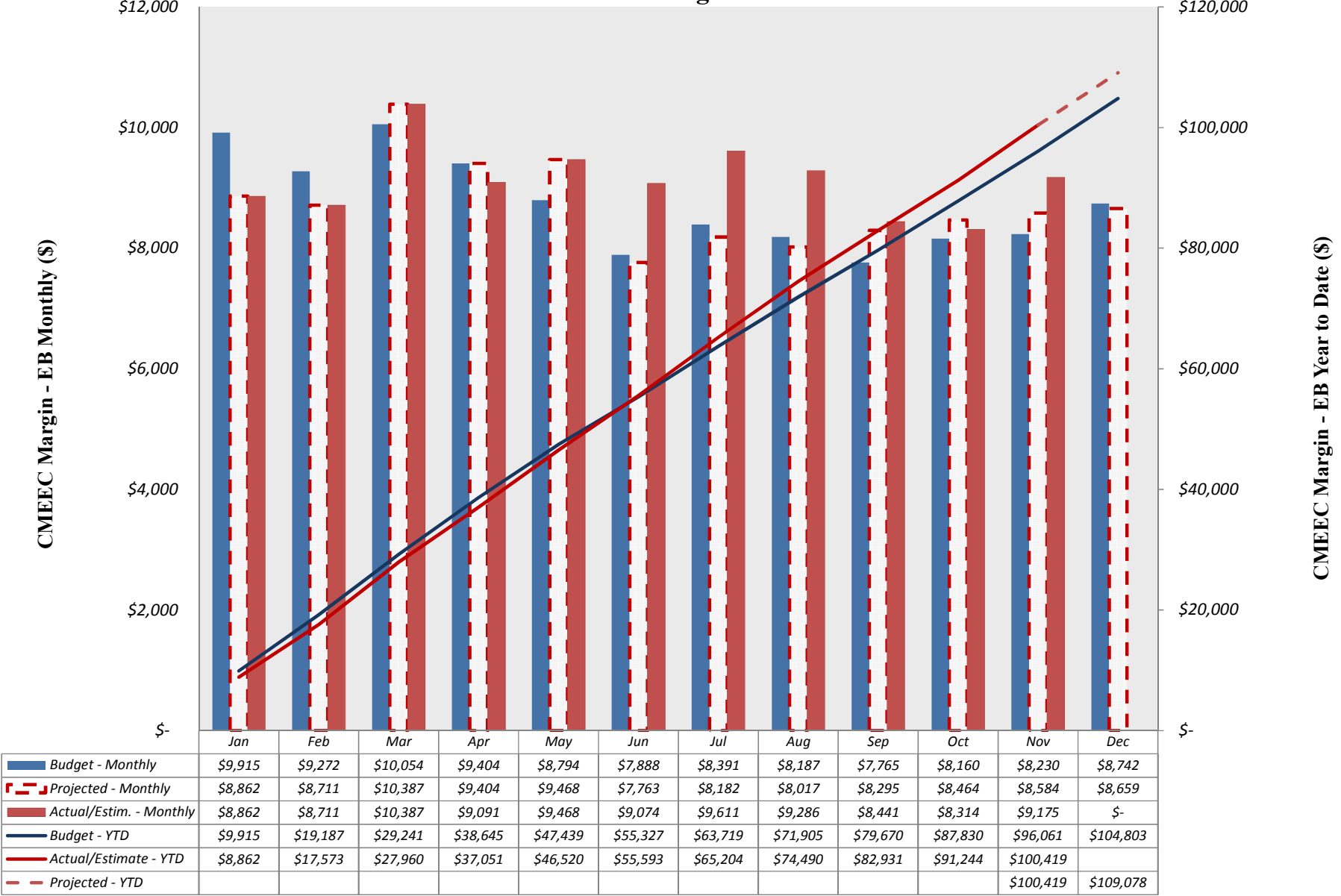
CMEEC Margin - BERKSHIRE 2017



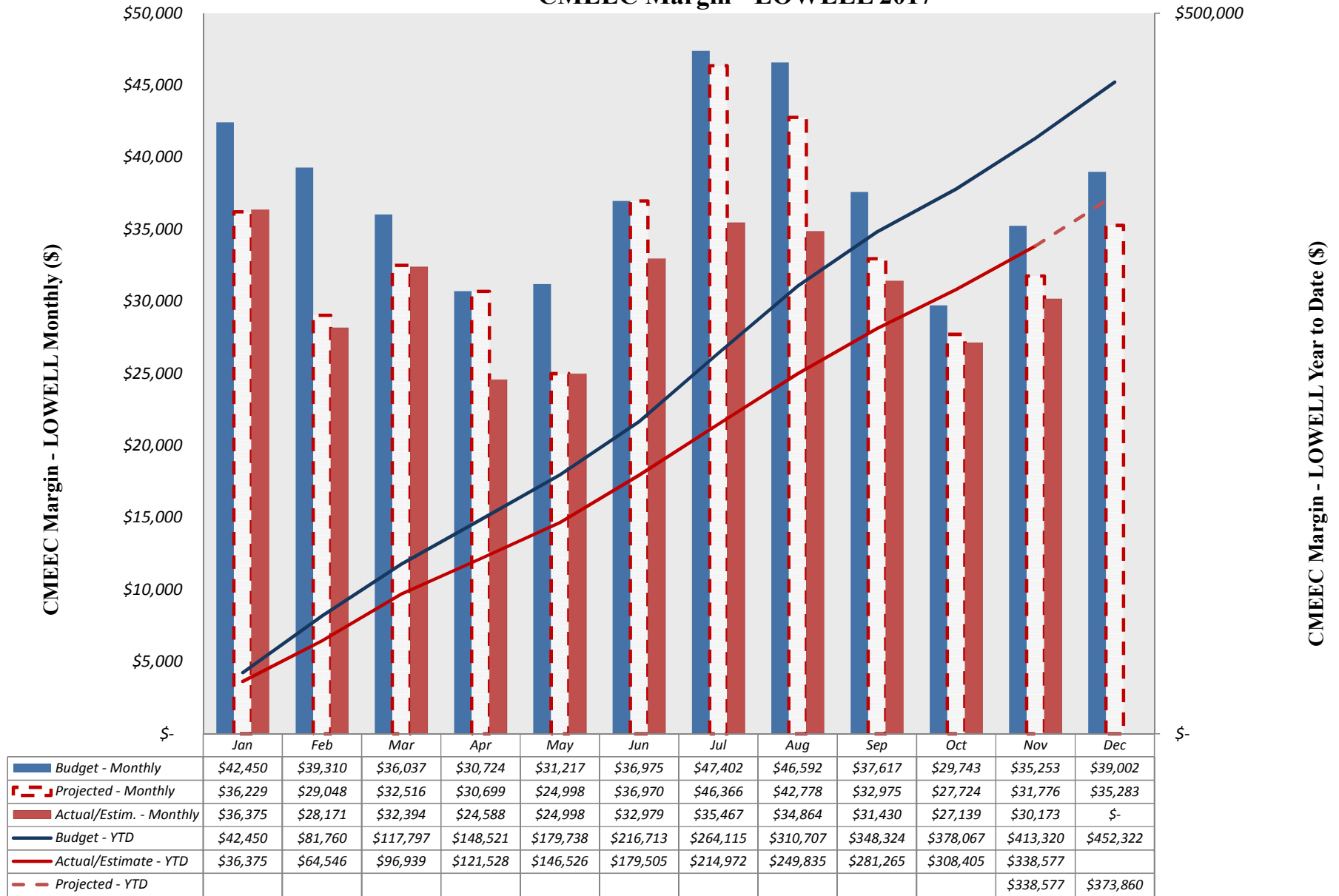
CMEEC Margin - CyrusOne 2017



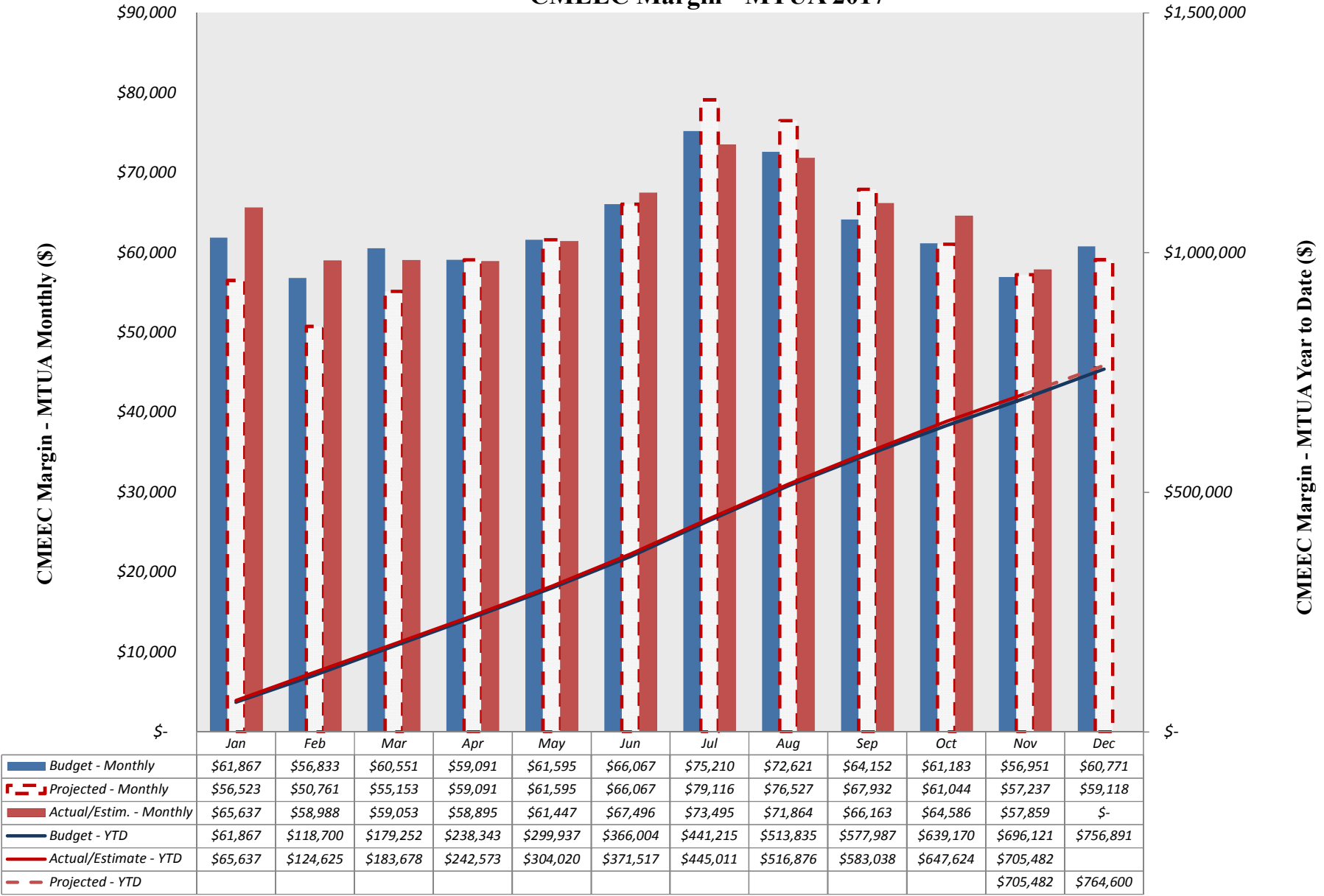
CMEEC Margin - EB 2017



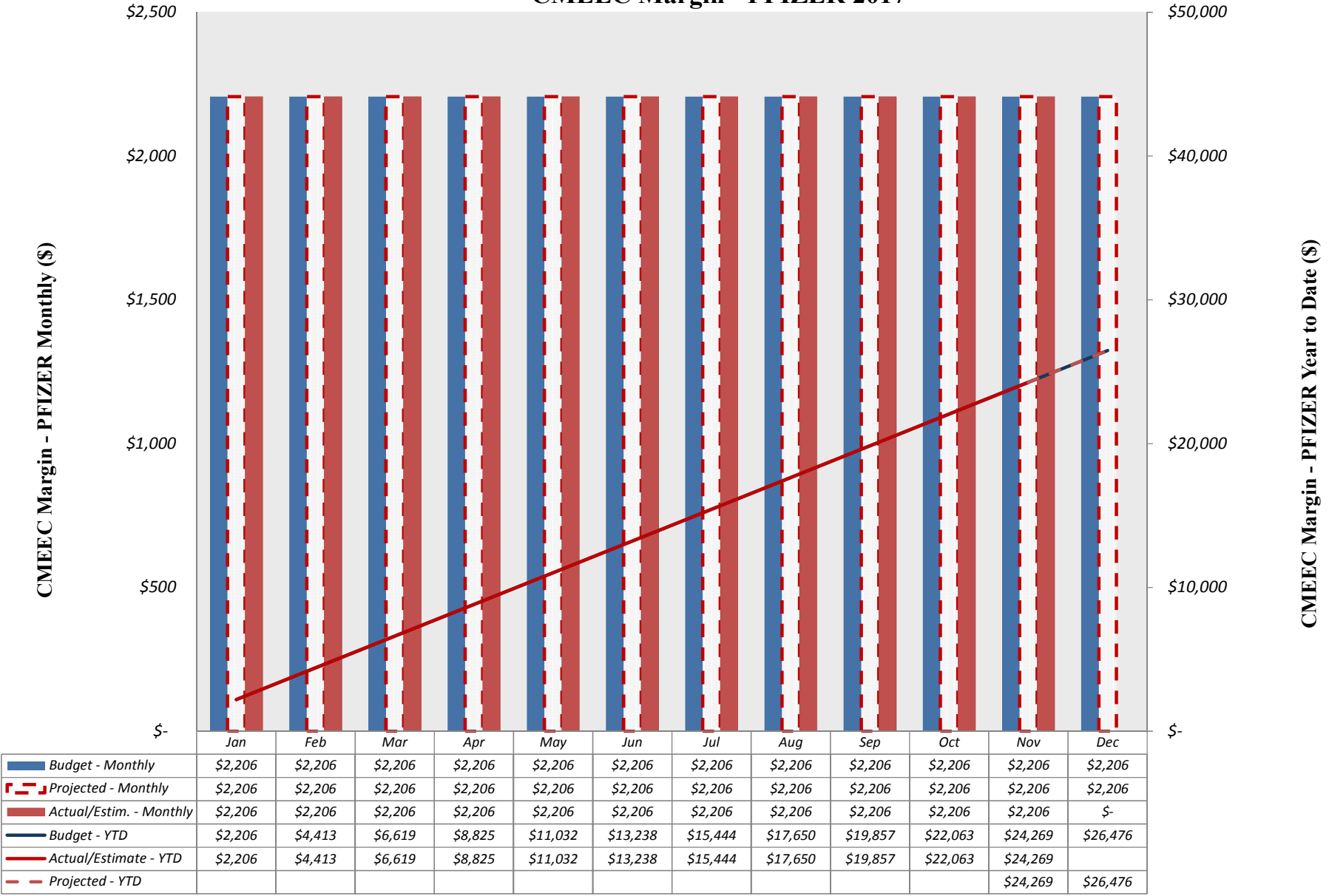
CMEEC Margin - LOWELL 2017



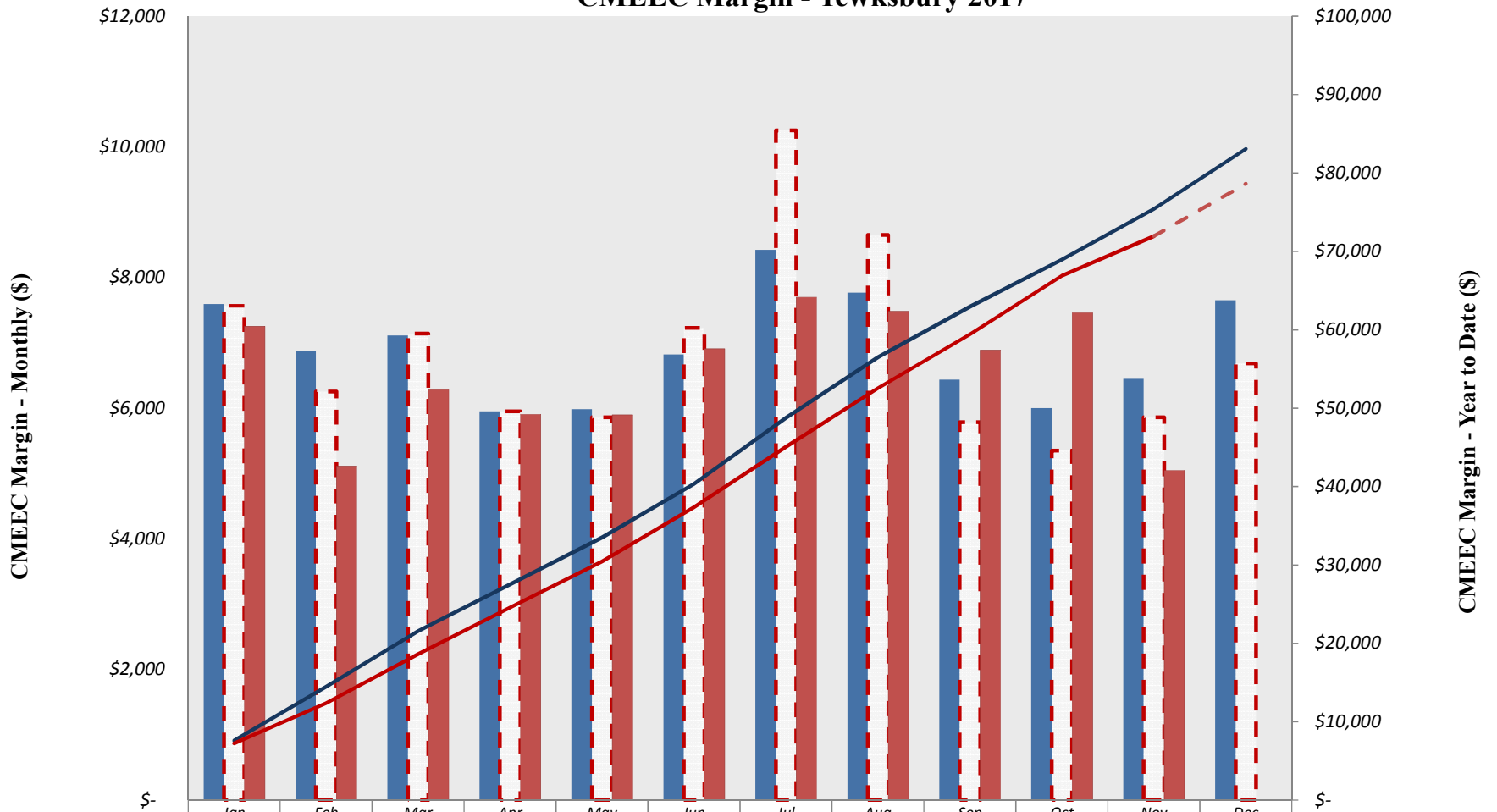
CMEEC Margin - MTUA 2017



CMEEC Margin - PFIZER 2017

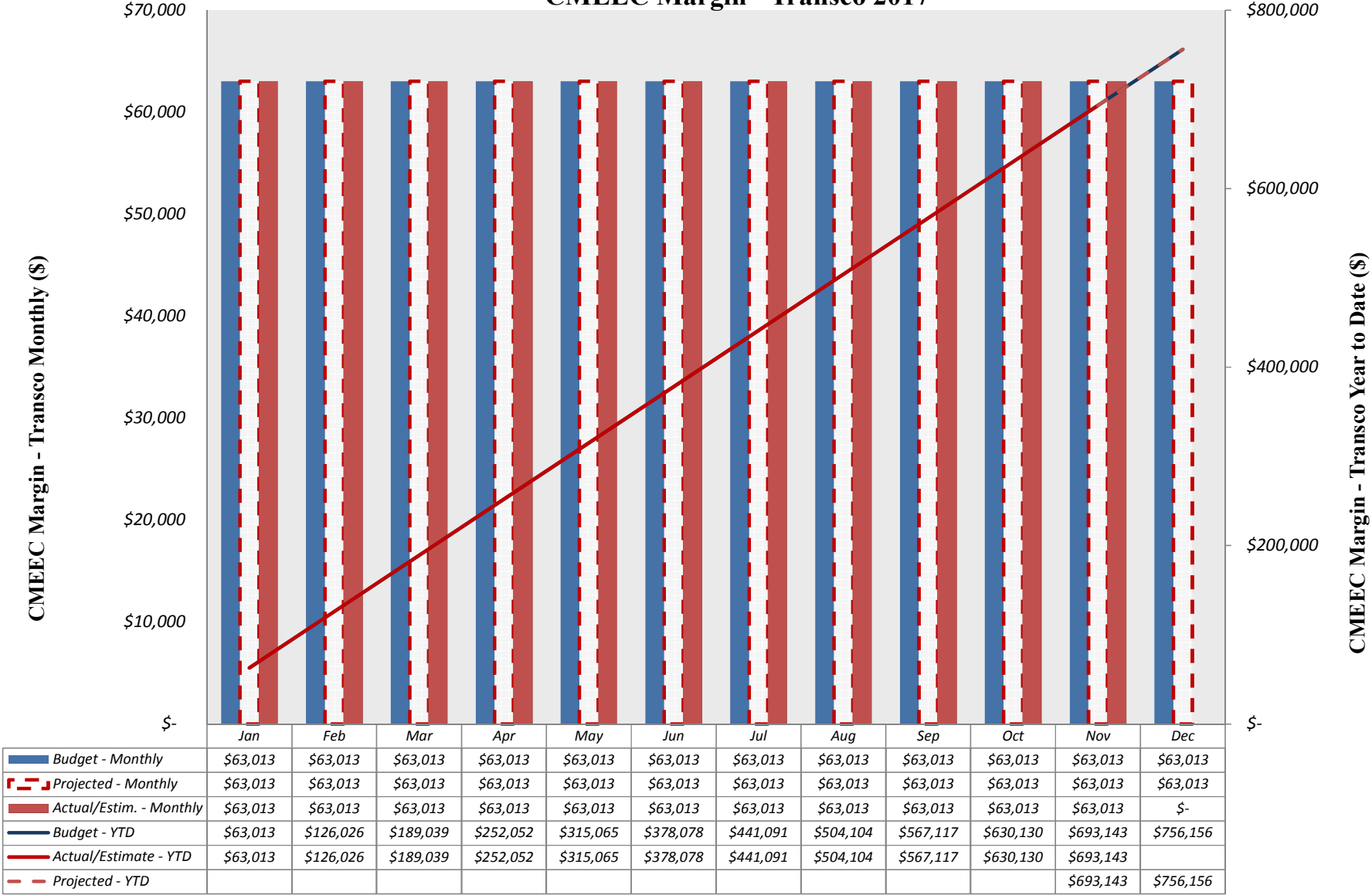


CMEEC Margin - Tewksbury 2017

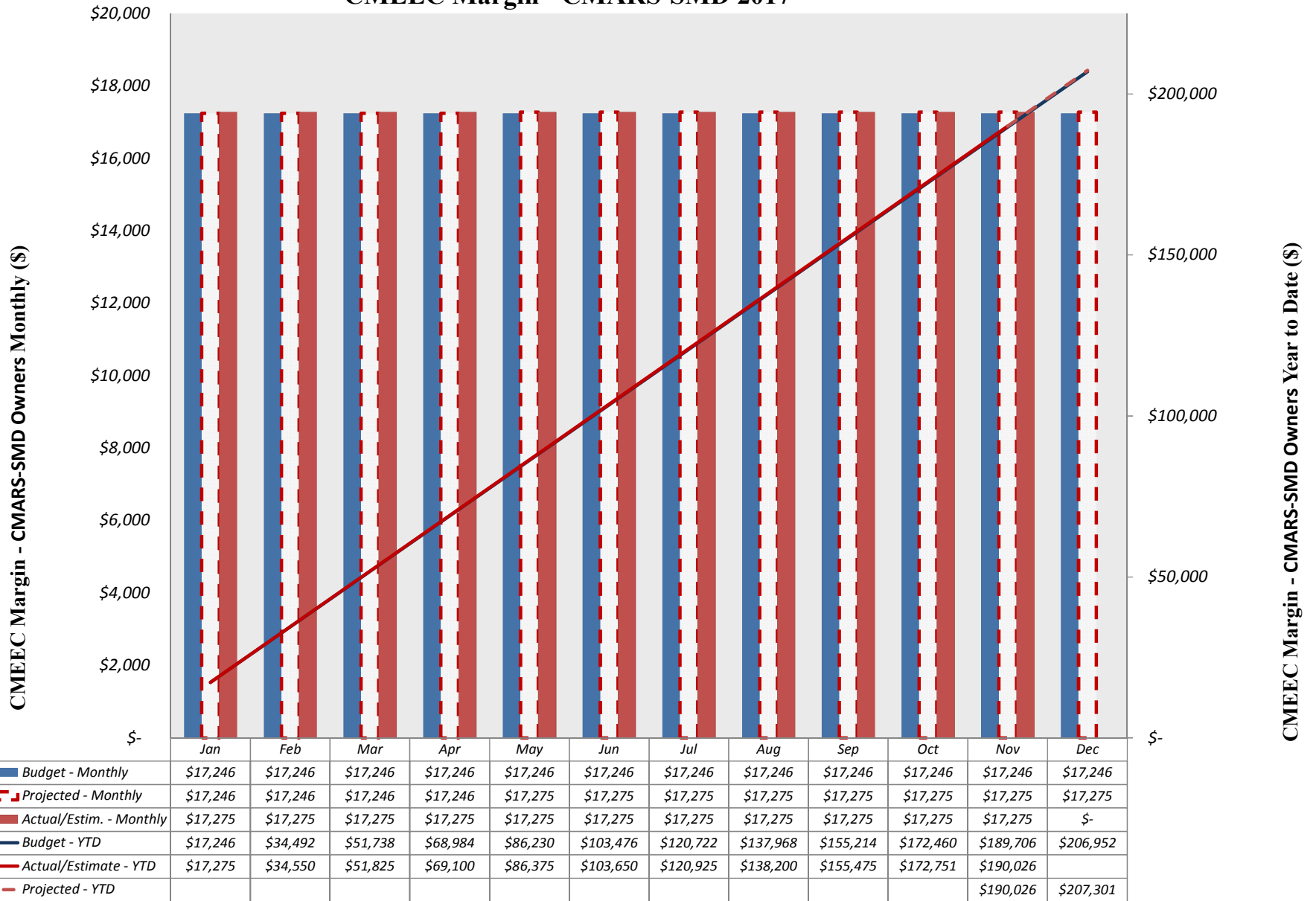


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Budget - Monthly	\$7,595	\$6,872	\$7,113	\$5,950	\$5,986	\$6,821	\$8,424	\$7,766	\$6,438	\$6,000	\$6,449	\$7,654
Projected - Monthly	\$7,568	\$6,256	\$7,139	\$5,950	\$5,863	\$7,229	\$10,255	\$8,653	\$5,784	\$5,349	\$5,858	\$6,683
Actual/Estim. - Monthly	\$7,253	\$5,114	\$6,281	\$5,909	\$5,899	\$6,910	\$7,700	\$7,480	\$6,891	\$7,460	\$5,048	\$-
Budget - YTD	\$7,595	\$14,466	\$21,580	\$27,529	\$33,515	\$40,336	\$48,760	\$56,526	\$62,964	\$68,963	\$75,412	\$83,067
Actual/Estimate - YTD	\$7,253	\$12,367	\$18,648	\$24,557	\$30,455	\$37,366	\$45,065	\$52,545	\$59,436	\$66,896	\$71,944	
Projected - YTD											\$71,944	\$78,627

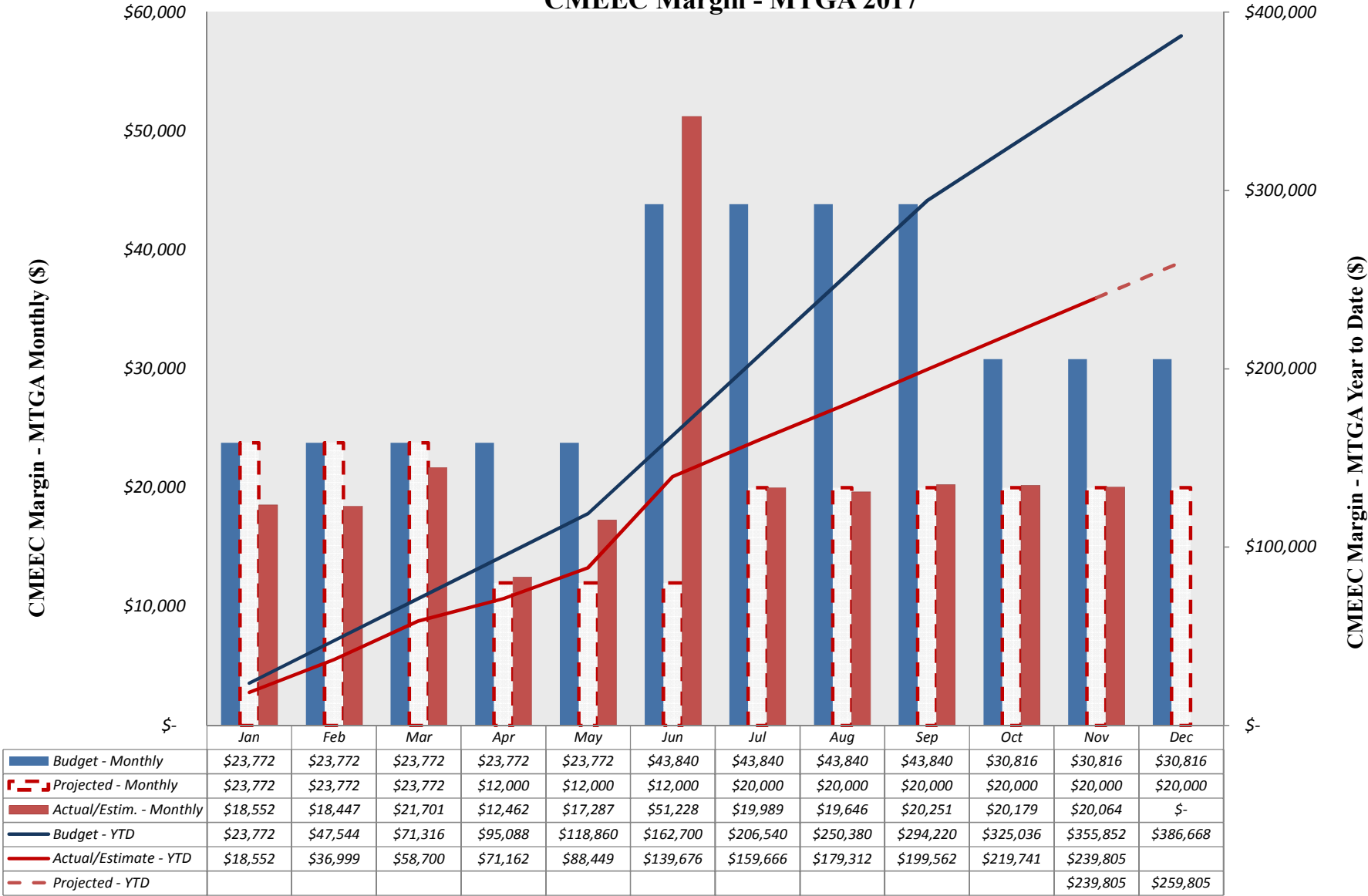
CMEEC Margin - Transco 2017



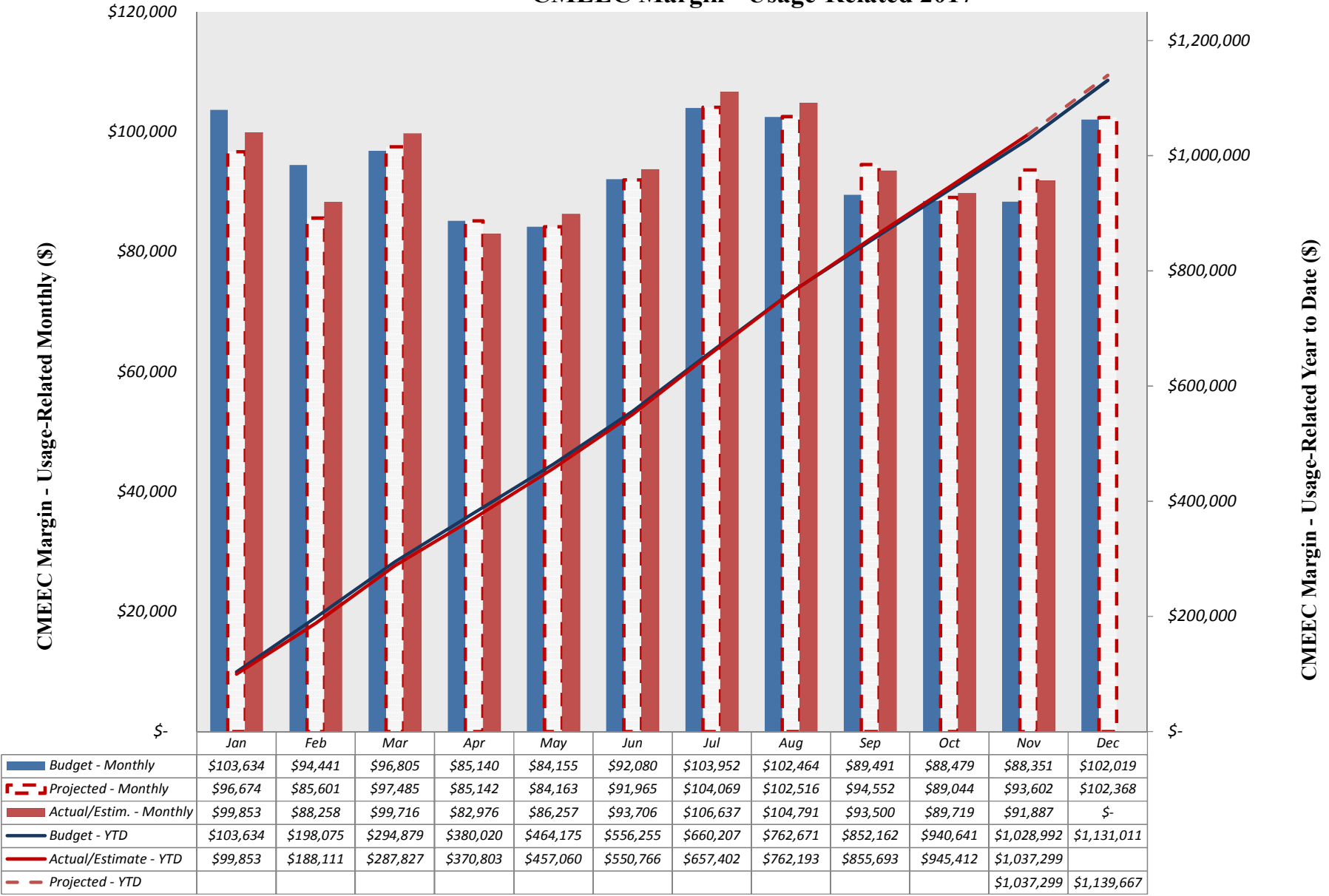
CMEEC Margin - CMARS-SMD 2017



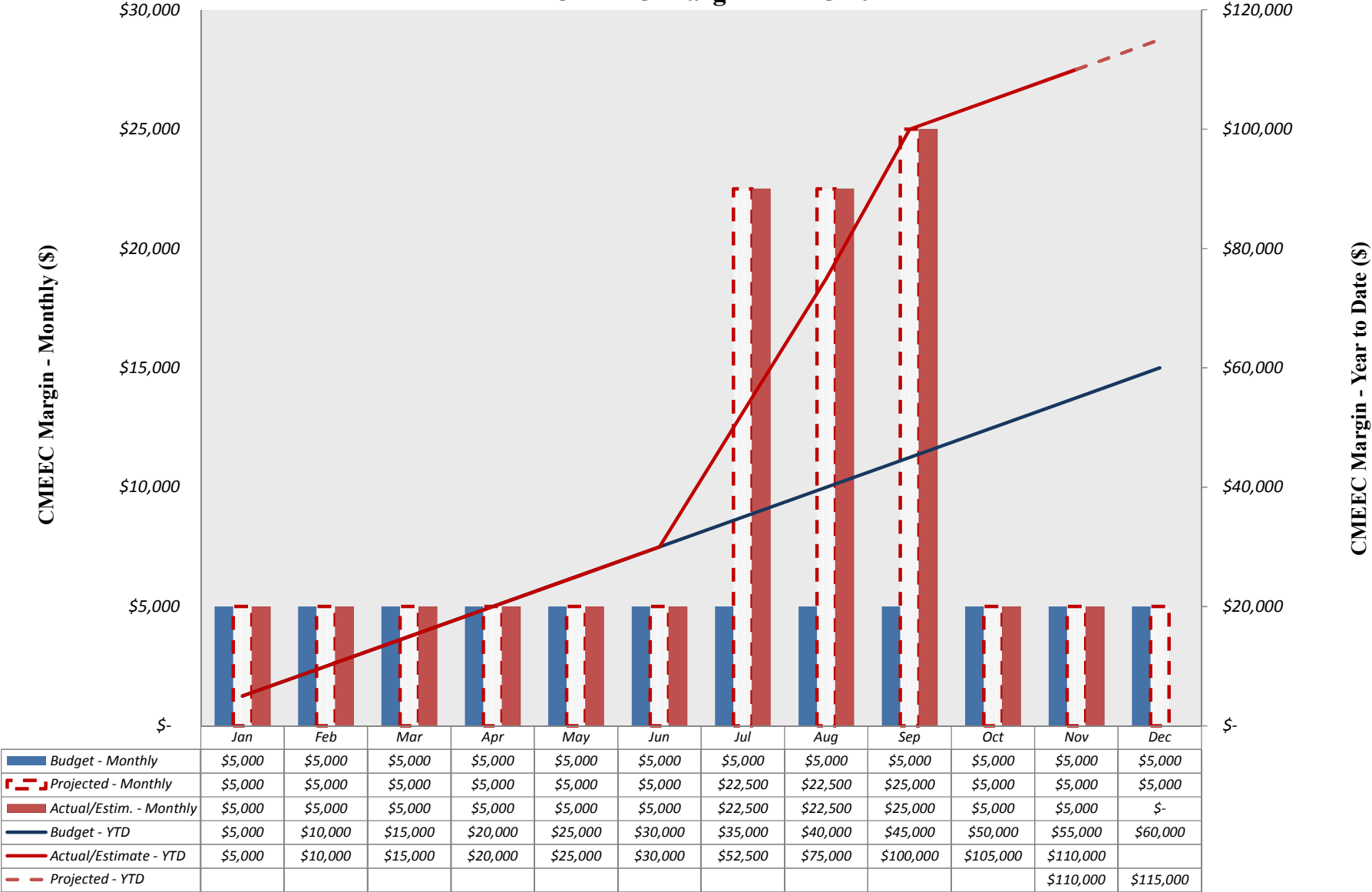
CMEEC Margin - MTGA 2017



CMEEC Margin - Usage-Related 2017



CMEEC Margin - MDC 2017



CMEEC Forward Energy Contract (Hedge) Report

- **Objective:** Update on CMEEC Forward Energy Contracts
- **Decision required or Informing:** Informational
- **Essential / critical points:**

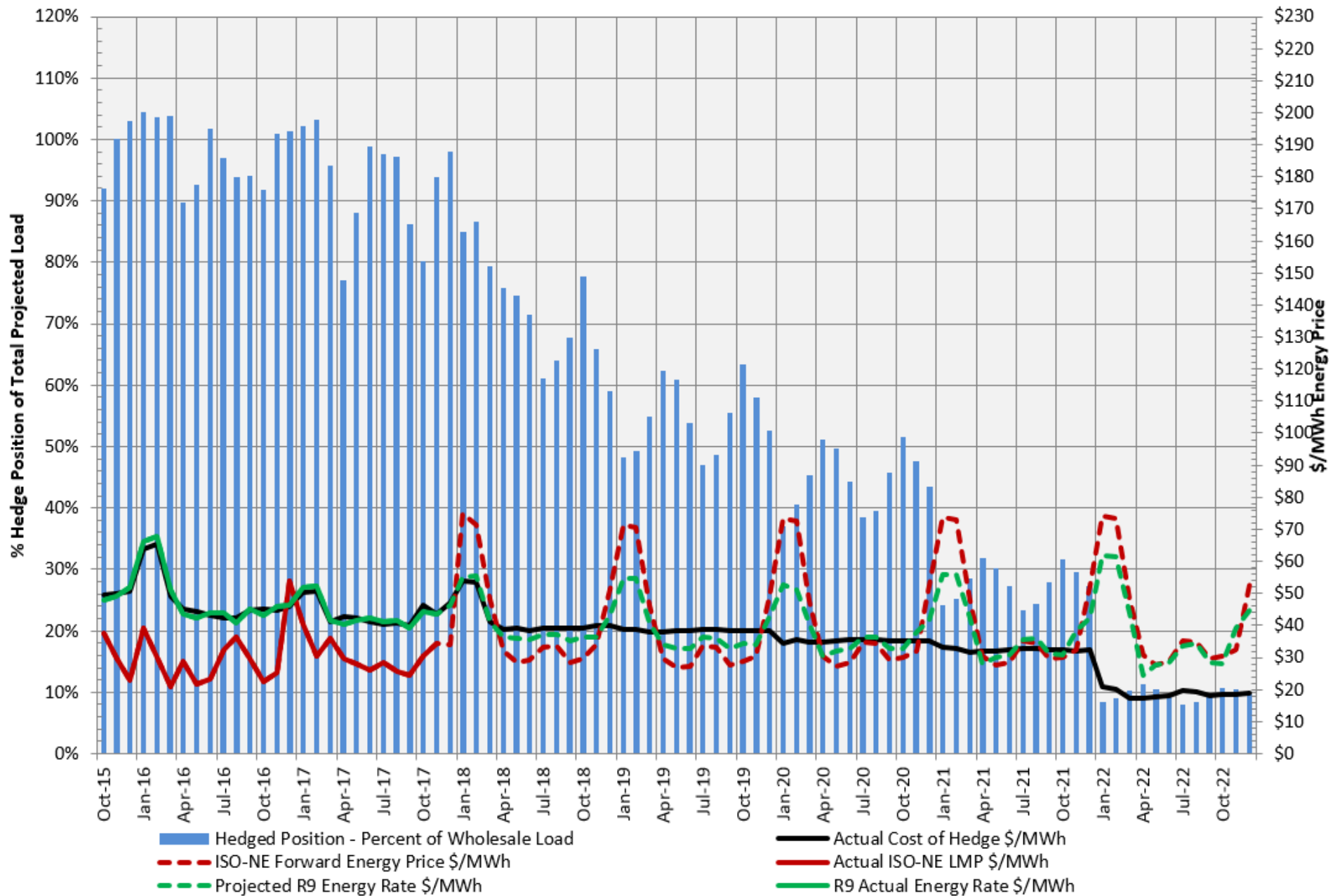
Forward Energy Contracts

- o Effective hedge volume is 94% on a preliminary basis for November 2017
- o Weighted average cost of hedges for October 2017 is \$43.48 per MWh
- o Weighted average cost of energy (hedge / LMP blend) is \$43.63 per MWh
- o Weighted average preliminary cost of projected LMP is \$34.30 per MWh

Forward Energy Contract Portfolio Activity Summary

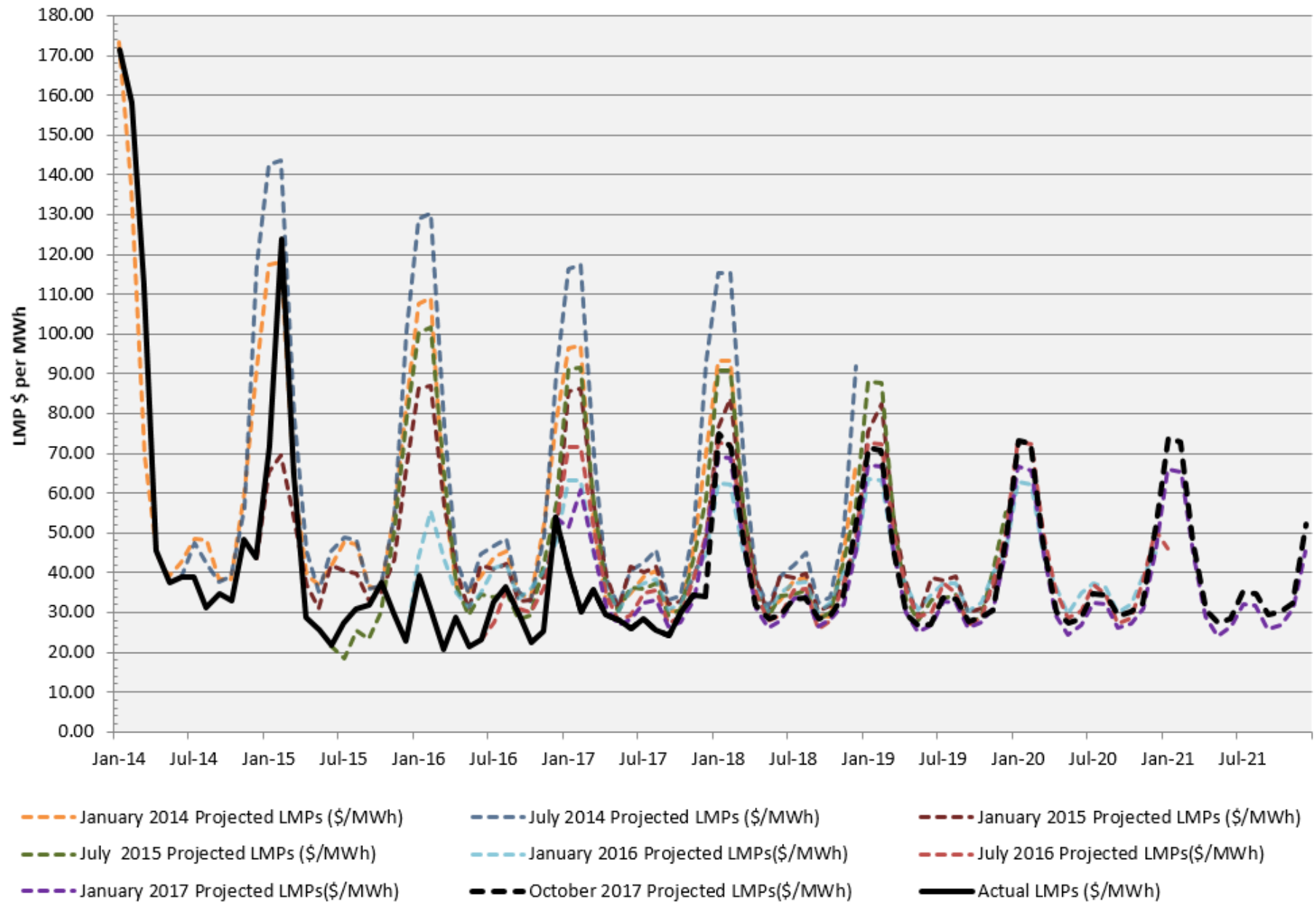
- Primary focus for November has been to monitor our daily position, monitor and understand potential winter pricing impacts for next winter, and perhaps most importantly, research and evaluate portfolio strategy surrounding the coming summer relative to the potential Algonquin delivered natural gas prices and the impact on our projected regional competitiveness position.
- **Critical Dates:**
- **Decision statement:**

Power Supply Portfolio Hedge Position - November 2017



Comparison of Forward LMP Projections

Forecasts for selected periods between January 2014 -December 2017



CMEEC Board of Directors
December 21, 2017 Board Meeting
Maximize Asset Value

CMEEC (including Transco) and Member Asset Investment Performance Reports

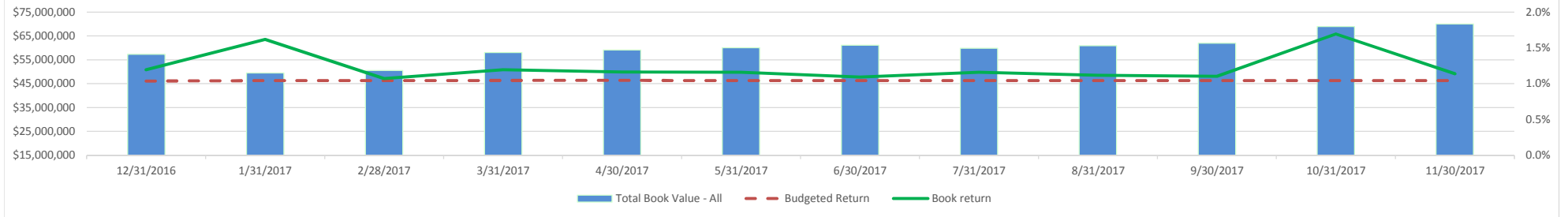
- **Objective:** Update on CMEEC & Transco Investment Performance

December 21, 2017 Board Meeting Maximize Asset Value F&A Metrics (CMEEC & Transco Only)	Current Month		Year to Date		Projected Year End	
	Budget	Estimate	Budget	Estimate	Budget	Estimate
Book Value & Accrued Income	\$ 10,082,355	\$10,235,693	\$ 10,082,355	\$10,235,693	\$ 10,091,551	\$ 10,257,244
Book Return (%) Including Cash	1.10%	1.79%	1.10%	1.29%	1.09%	1.42%
Dollar Growth at Book (\$) w/o New Deposits	\$9,188	\$15,227	\$95,141	\$119,257	\$104,337	\$140,808

December 21, 2017 Board Meeting F&A Metrics (All Invested Assets)	Current Month		Year to Date		Projected Year End	
		Estimate		Estimate		Estimate
Book Value & Accrued Income		\$70,020,061		\$70,020,061		\$ 71,093,476
Book Return (%) Including Cash		1.14%		1.21%		1.24%
Dollar Growth at Book (\$) w/o New Deposits		\$65,404		\$663,588		\$740,463

- **Decision Required or Informing:** Informational
- **Essential/Critical Points:**
 1. Projected Year-end Dollar Growth for All Investments remained steady.
 2. Returns include accrued income and realized gains/(losses), but exclude unrealized gains/(losses).
- **Critical Dates:** N/A
- **Decision Statement:** N/A

**Combined (CMEEC/Transco & Member Trusts & Bond Funds)
Book Value and Return**



	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017	7/31/2017	8/31/2017	9/30/2017	10/31/2017	11/30/2017
Total Book Value - All	\$57,330,265	\$49,495,148	\$50,509,998	\$58,030,690	\$59,057,515	\$60,085,151	\$61,110,383	\$59,890,846	\$60,897,860	\$61,945,419	\$68,984,131	\$70,020,061
Budgeted Return	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Book return	1.2%	1.6%	1.1%	1.2%	1.2%	1.2%	1.1%	1.2%	1.1%	1.1%	1.7%	1.1%
In Compliance with Policy?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

CMEEC Generation Asset Management Report

- **Objective:** Update operational performance for Pierce, DGs, MicroGen units, and NERC compliance status.
- **Decision Required or Informational:** Informational
- **Essential/Critical Points:**
 - Pierce November actual net benefit was lower than budget due mostly to a 10-year fuel tank inspection that was budgeted for January but occurred in November (\$112,000).
 - Pierce received two (2) dispatches from ISO-NE for the month of November. Both were successful dispatches with a total output of 466 MWh. There were two (2) test runs for the month of November (RATA environmental testing & ISO dual-fuel audit) with a total output of 1,111 MWh.
 - Norwich WWTP November actual net benefit was higher than budget due to obtaining capacity obligation for the 2017-2018 capacity period that was not budgeted (\$3.50/kW-mo).
 - Norwich WWTP received zero dispatches from ISO-NE for the month of November. There was one (1) test run for the month of November with a total output of 2.7 MWh.
 - MicroGen November actual net benefit was lower than budget due to lower than budgeted peak reduction in October (37.29 MW actual vs. 47.60 MW budgeted) and higher than budgeted runtime and associated fuel expense (16.3 hours actual vs. 12.2 hours budgeted).
 - MicroGen units were successful in optimizing the monthly peak load for the month of November. The monthly peak occurred on November 13th hour ending 18:00. The load was reduced by 46.71 MW out of an available 50 MW during the peak hour. Several units ran at a reduced load due to system restrictions.
 - The Pierce Station GO/GOP and CMEEC TO entities were determined to be compliant with NERC Reliability Standards for the month of November.

The Asset Management reports are whole dollar views without distinction of project participants. The Portfolio Management report is a Rate 9 view, inclusive of Rate 9 customer entitlement allocations in projects, and therefore, the values will not be equal in all cases. .

Financial Performance

November 2017 Monthly Net Benefit Table:

Project	Current Month		Year to Date		Year End	
	Budget	Actual	Budget	Actual	Budget	Projected
Consolidated	\$671,434	\$516,627	\$4,342,474	\$4,288,269	\$5,026,418	\$5,001,785
Pierce	\$188,821	\$95,236	\$309,506	\$338,457	\$536,411	\$567,907
Market DG Fleet	(\$8,278)	(\$92)	(\$79,585)	(\$32,898)	(\$86,207)	(\$31,284)
MicroGen	\$490,892	\$421,482	\$4,112,553	\$3,982,710	\$4,576,214	\$4,465,162

- **Critical Dates:** N/A
- **Decision Statement:** N/A

Consolidated Monthly Asset Report

Performance Statement

November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues/Avoided Costs					
ISO	\$33,412	\$7,471	(\$25,941)	-78%	
Energy	\$17,354	\$150,470	\$133,115	767%	
Ancillaries	\$143,702	\$198,377	\$54,674	38%	
Capacity	\$880,743	\$983,005	\$102,262	12%	
Transmission	\$539,660	\$408,199	(\$131,462)	-24%	
Total Revenues/Avoided Costs	\$1,614,872	\$1,747,520	\$132,648	8%	
Expenses					
Variable					
Fuel & Urea Burned	\$86,050	\$271,902	\$185,852	216%	
Fixed					
Utilities, Comm, Rent	\$108,723	\$131,237	\$22,514	21%	
Maintenance, Insurance	\$207,510	\$282,191	\$74,680	36%	
Staff, Depreciation	\$150,297	\$154,713	\$4,415	3%	
Total Expenses	\$552,581	\$840,042	\$287,462	52%	
Operating Income/(Loss)	\$1,062,291	\$907,478	(\$154,813)	-15%	
Total Capital & Debt	\$390,857	\$390,851	(\$6)	0%	
Grand Total Expense	\$943,437	\$1,230,894	\$287,456	30%	
Net Benefit/(Loss)	\$671,434	\$516,627	(\$154,808)	-23%	

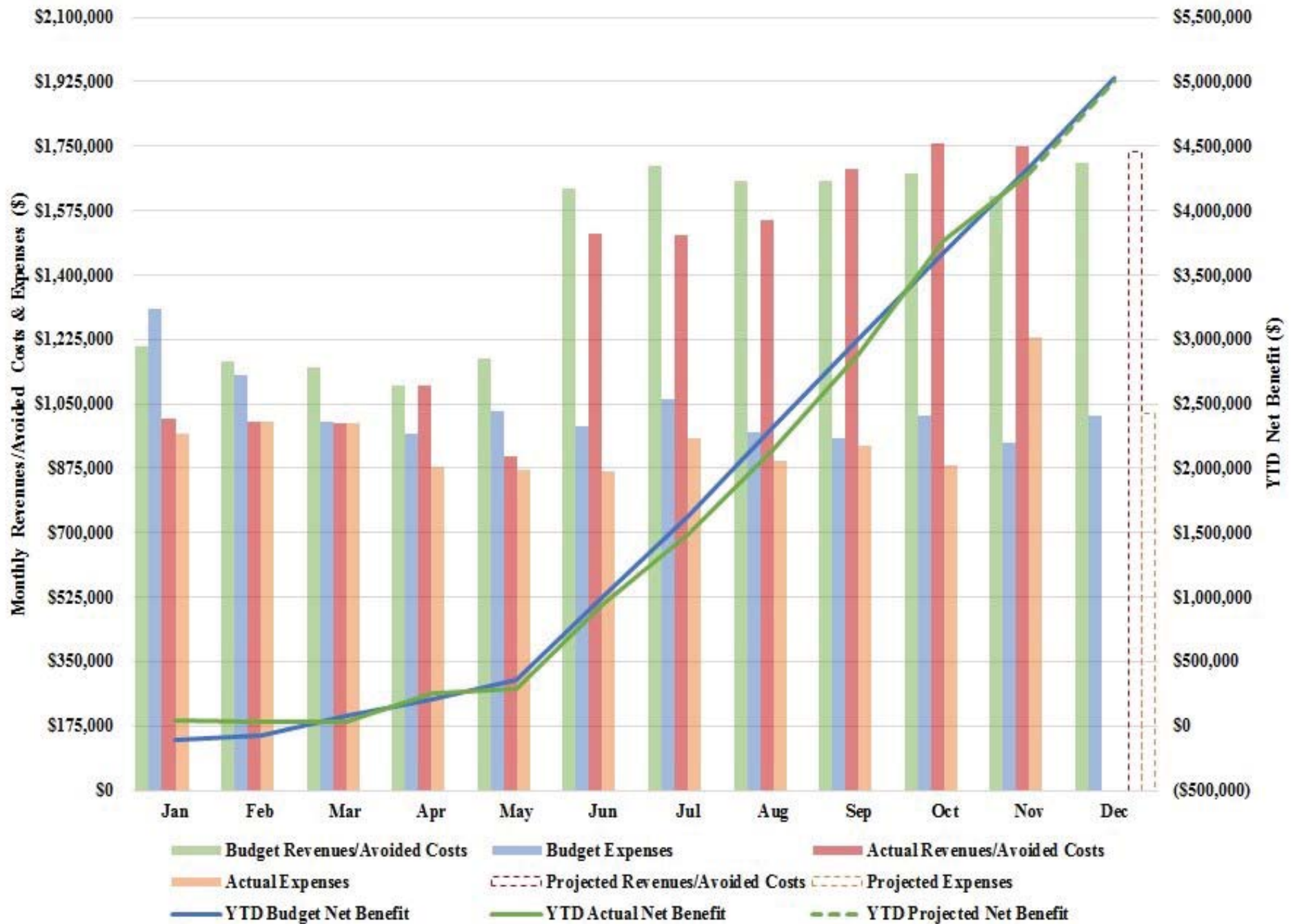
Consolidated YTD Asset Report

Performance Statement

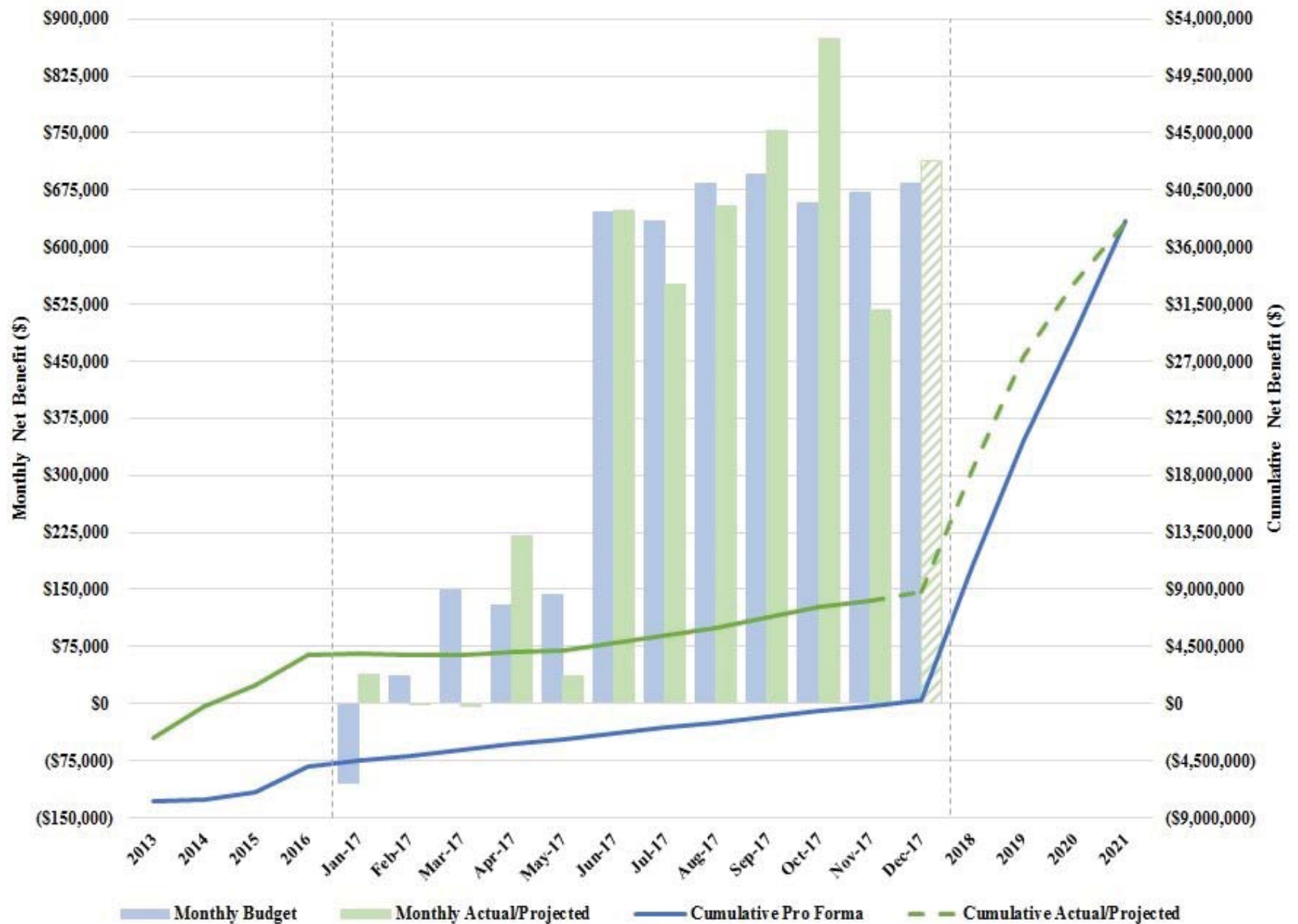
November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues/Avoided Costs					
ISO	\$406,678	\$89,809	(\$316,868)	-78%	
Energy	\$599,488	\$722,005	\$122,517	20%	
Ancillaries	\$1,726,926	\$1,320,123	(\$406,803)	-24%	
Capacity	\$7,418,333	\$7,742,220	\$323,887	4%	
Transmission	\$5,573,462	\$4,900,555	(\$672,907)	-12%	
Total Revenues/Avoided Costs	\$15,724,887	\$14,774,713	(\$950,174)	-6%	
Expenses					
Variable					
Fuel & Urea Burned	\$1,503,159	\$1,043,109	(\$460,050)	-31%	
Fixed					
Utilities, Comm, Rent	\$1,213,916	\$1,333,659	\$119,743	10%	
Maintenance, Insurance	\$2,721,433	\$2,126,356	(\$595,077)	-22%	
Staff, Depreciation	\$1,644,481	\$1,683,958	\$39,477	2%	
Total Expenses	\$7,082,988	\$6,187,081	(\$895,906)	-13%	
Operating Income/(Loss)	\$8,641,899	\$8,587,632	(\$54,267)	-1%	
Total Capital & Debt	\$4,299,426	\$4,299,363	(\$62)	0%	
Grand Total Expense	\$11,382,414	\$10,486,445	(\$895,969)	-8%	
Net Benefit/(Loss)	\$4,342,474	\$4,288,269	(\$54,205)	-1%	

Consolidated Assets 2017 Revenues/Avoided Costs, Expenses, & Net Benefit



Consolidated Assets Financial Performance - Actual vs. Budget vs. Pro Forma



Pierce Monthly Asset Report

Performance Statement

November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues					
Energy	\$0	\$97,909	\$97,909	100%	1
LFR & NCPC	\$120,700	\$191,710	\$71,010	59%	2
Capacity	\$526,806	\$547,743	\$20,937	4%	
Total Revenues	\$647,506	\$837,362	\$189,856	29%	
Expenses					
Variable					
Fuel Burned	\$0	\$167,383	\$167,383	100%	3
Fixed					
Utilities, Comm, Rent	\$56,656	\$72,237	\$15,581	28%	4
Maintenance, Insurance	\$158,399	\$255,036	\$96,637	61%	5
Staff, Depreciation	\$49,438	\$53,277	\$3,839	8%	6
Total Expenses	\$264,492	\$547,933	\$283,440	107%	
Operating Income/(Loss)	\$383,014	\$289,429	(\$93,584)	-24%	
Total Capital & Debt	\$194,193	\$194,193	\$0	0%	
Grand Total Expense	\$458,685	\$742,126	\$283,440	62%	
Net Benefit/(Loss)	\$188,821	\$95,236	(\$93,584)	-50%	

Notes:

1. Increased Energy revenues due to higher than budgeted generation (1,577 MWh actual vs. 0 MWh budgeted).
2. Increased LFR & NCPC revenues due to NCPC revenues as a result of ISO dispatches (2 dispatches actual vs. 0 dispatches budgeted).
3. Increased expenses due to higher than budgeted runtime (18.9 hours actual vs. 0.0 hours budgeted).
4. Increased expenses due to higher than budgeted utility costs.
5. Increased expenses due mostly to 10-year fuel tank inspection that was budgeted for January but occurred in November (\$112,000).
6. Increased expenses due to capital project depreciation that was not budgeted.

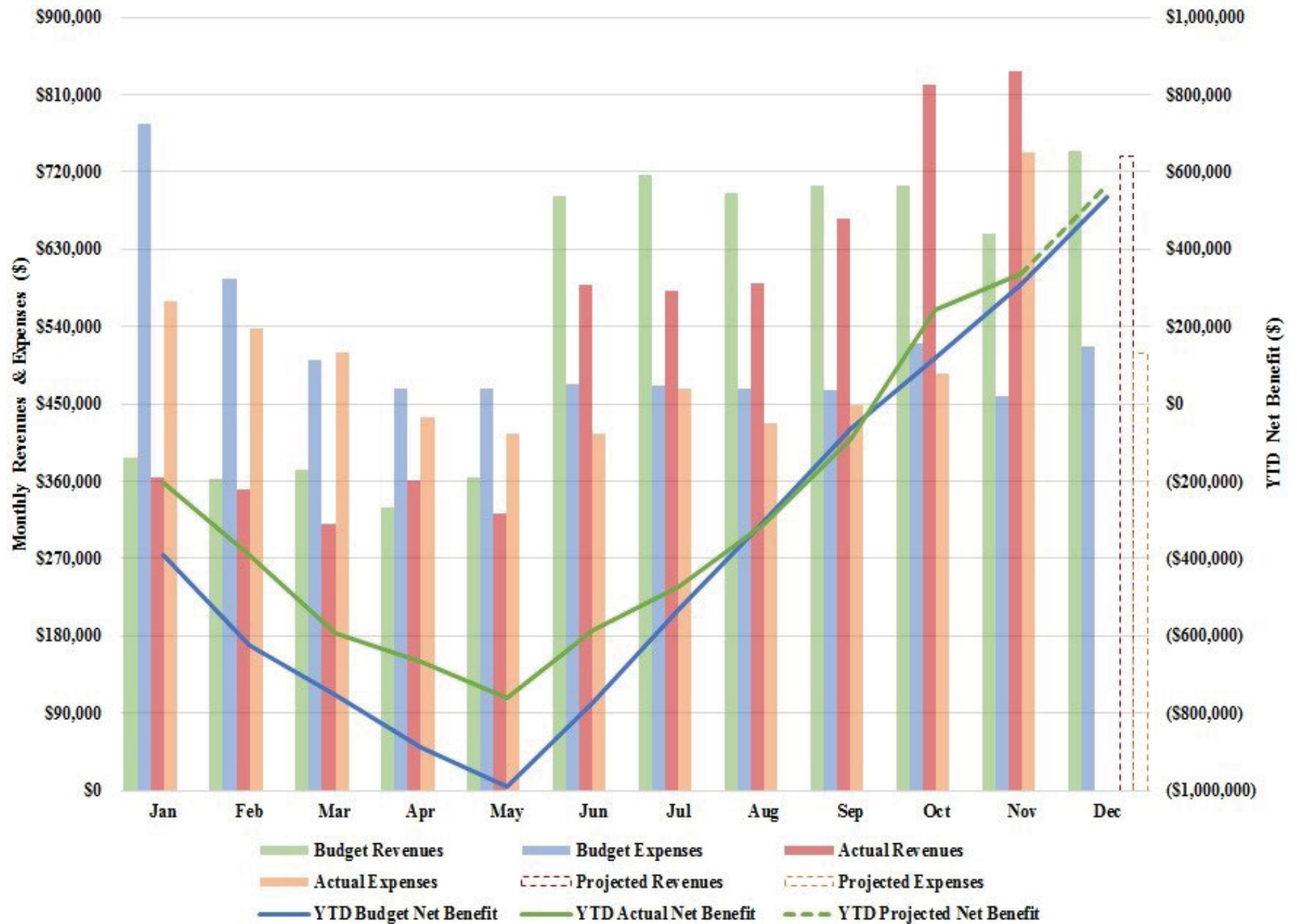
Pierce YTD Asset Report

Performance Statement

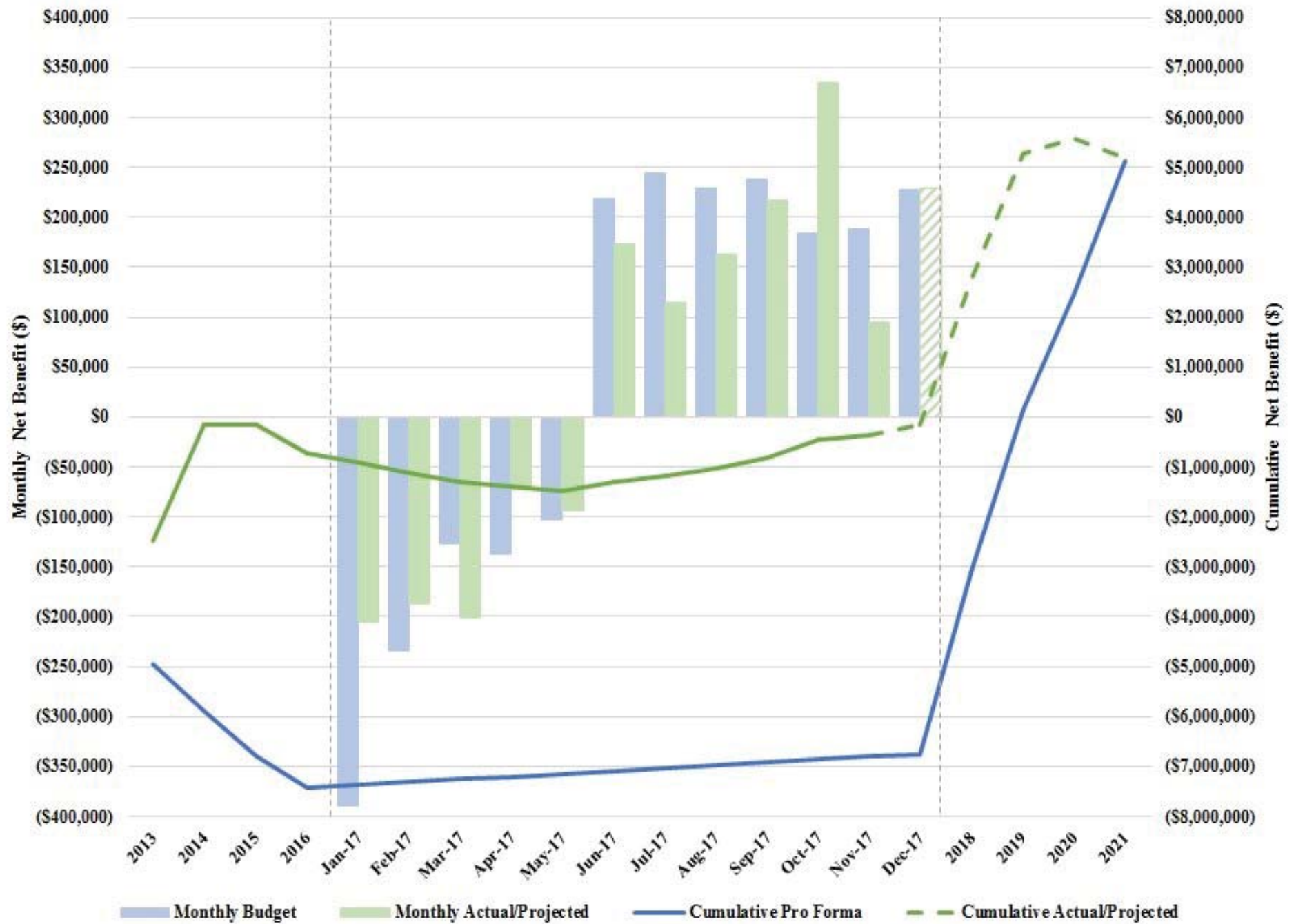
November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues					
Energy	\$273,641	\$346,271	\$72,630	27%	
LFR & NCPC	\$1,483,912	\$1,220,926	(\$262,986)	-18%	
Capacity	\$4,218,880	\$4,224,887	\$6,007	0%	
Total Revenues	\$5,976,433	\$5,792,084	(\$184,349)	-3%	
Expenses					
Variable					
Fuel Burned	\$285,043	\$365,849	\$80,806	28%	
Fixed					
Utilities, Comm, Rent	\$644,880	\$745,719	\$100,839	16%	
Maintenance, Insurance	\$2,057,525	\$1,632,500	(\$425,025)	-21%	
Staff, Depreciation	\$543,355	\$573,435	\$30,080	6%	
Total Expenses	\$3,530,804	\$3,317,504	(\$213,301)	-6%	
Operating Income/(Loss)	\$2,445,629	\$2,474,580	\$28,951	1%	
Total Capital & Debt	\$2,136,123	\$2,136,123	\$0	0%	
Grand Total Expense	\$5,666,927	\$5,453,627	(\$213,301)	-4%	
Net Benefit/(Loss)	\$309,506	\$338,457	\$28,951	9%	

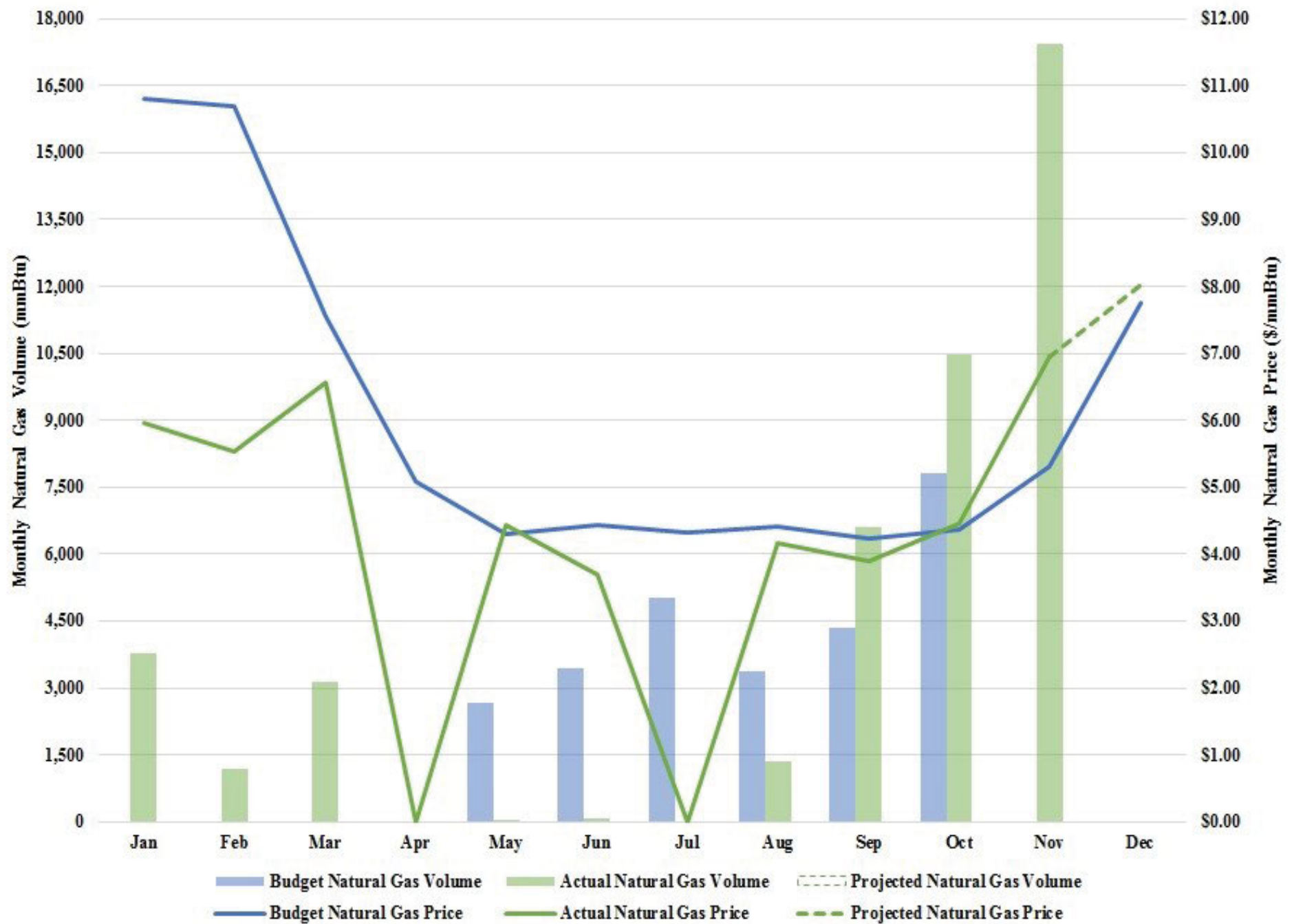
Pierce 2017 Revenues, Expenses, & Net Benefit



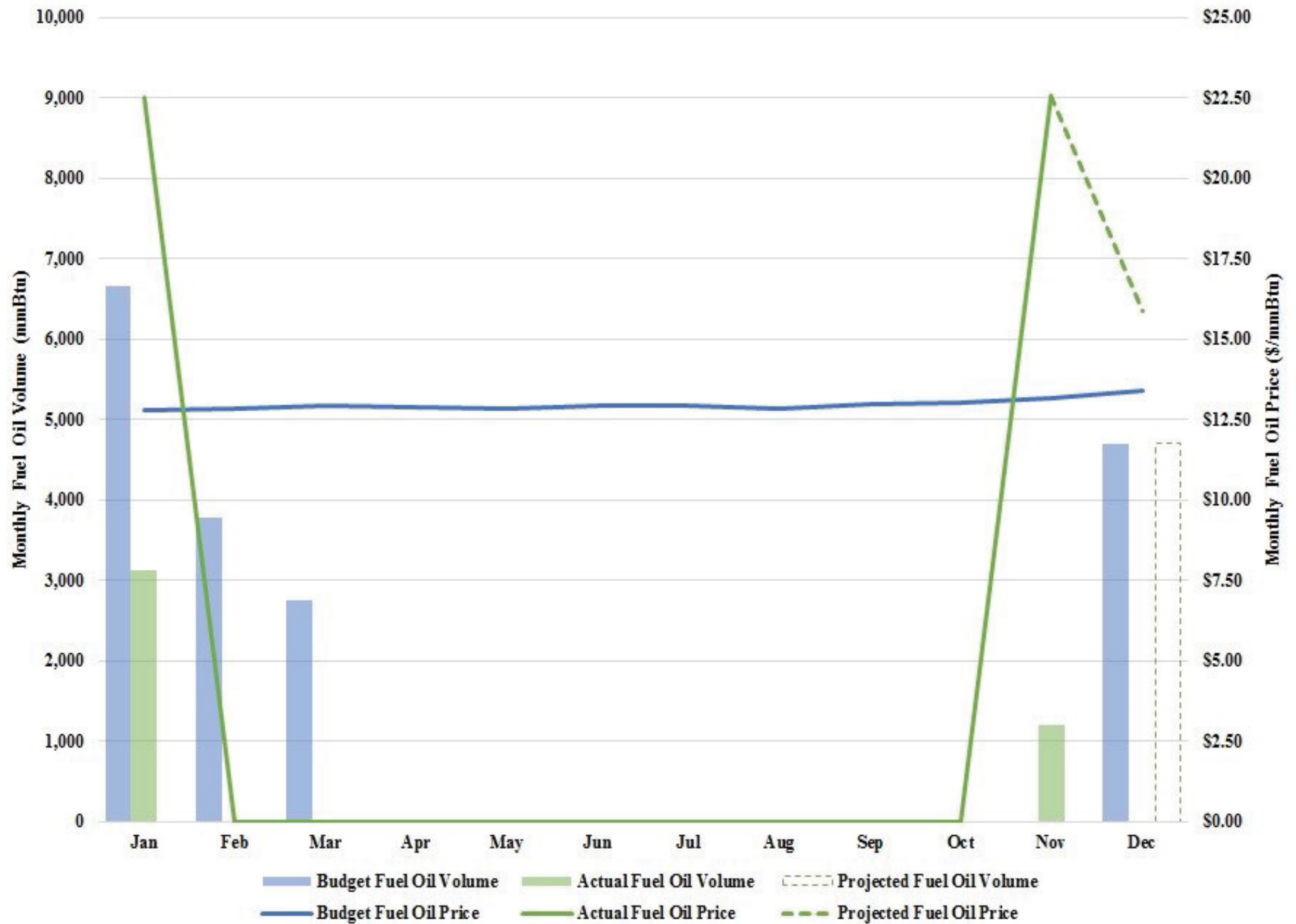
Pierce Financial Performance - Actual vs. Budget vs. Pro Forma



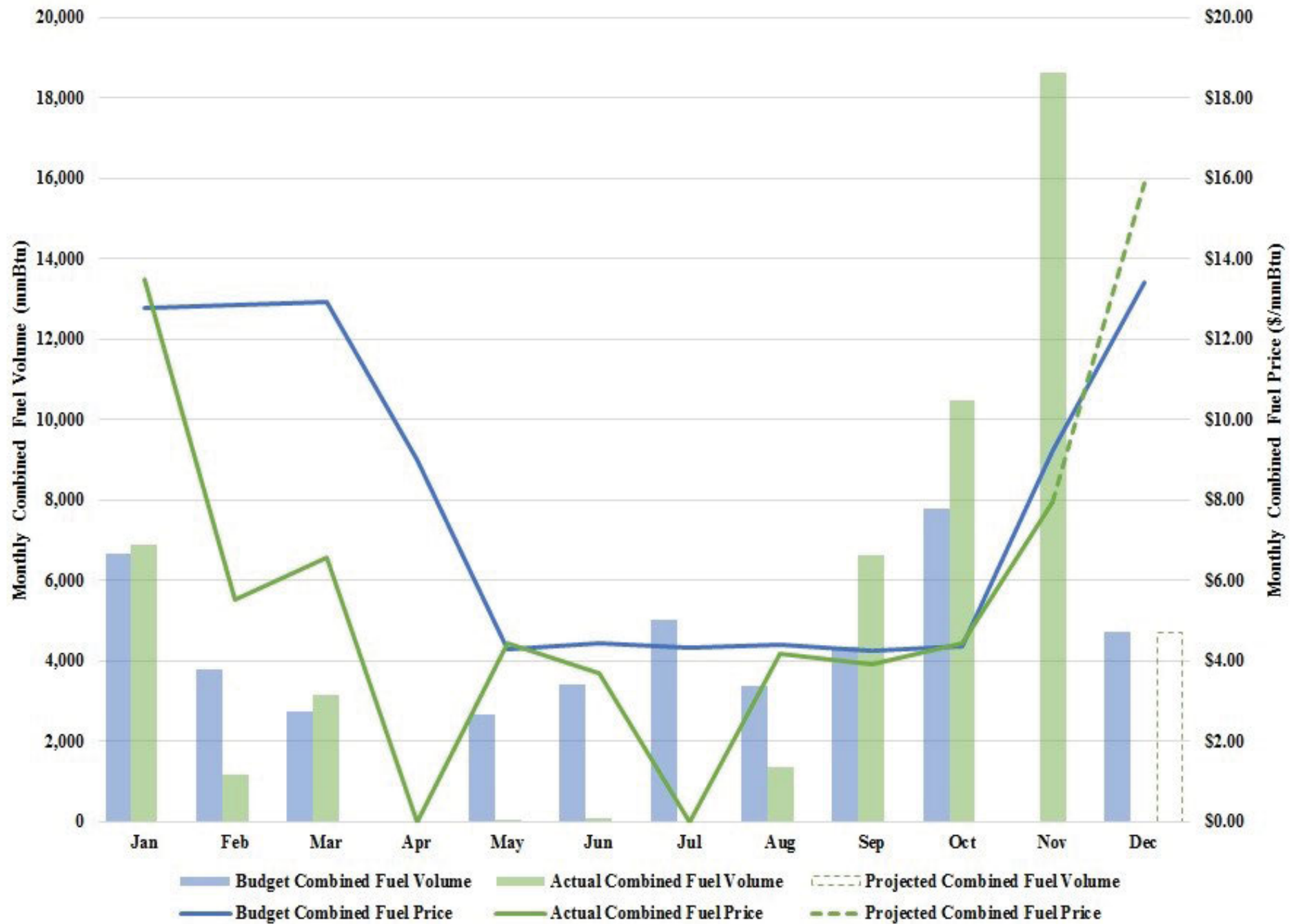
Pierce 2017 Natural Gas Volume & Price Monthly



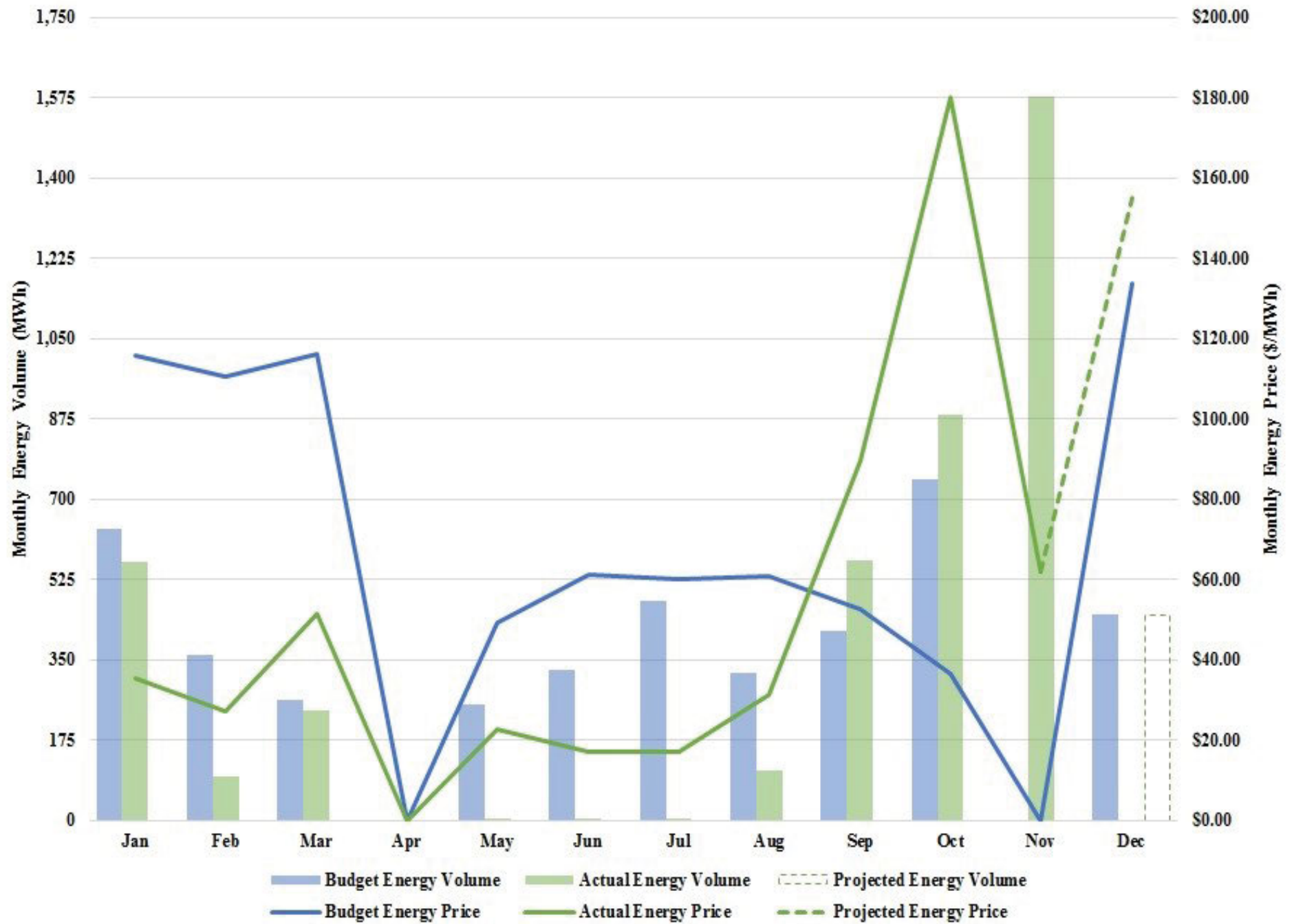
Pierce 2017 Fuel Oil Volume & Price Monthly



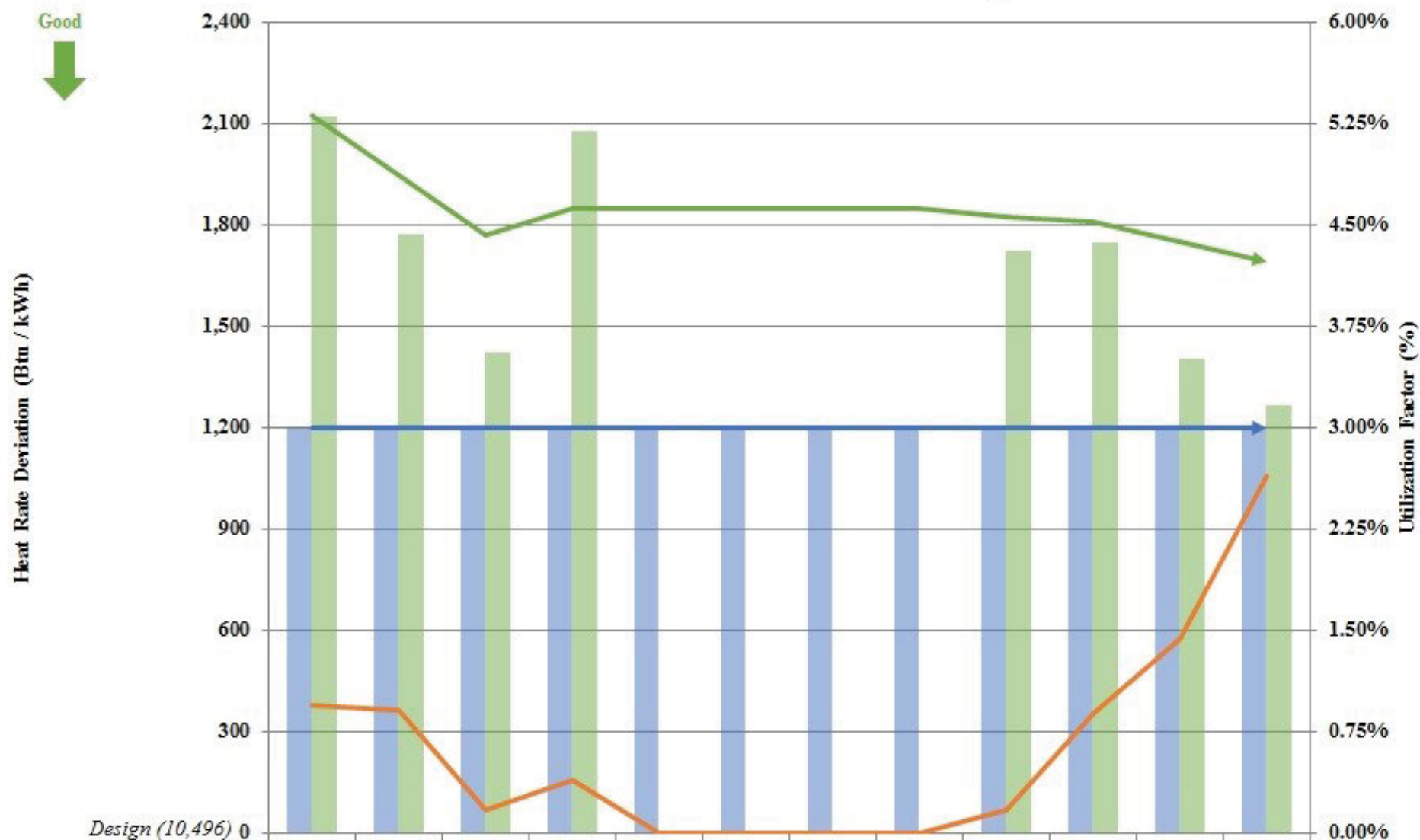
Pierce 2017 Combined Fuel Volume & Price Monthly



Pierce 2017 Energy Volume & Price Monthly

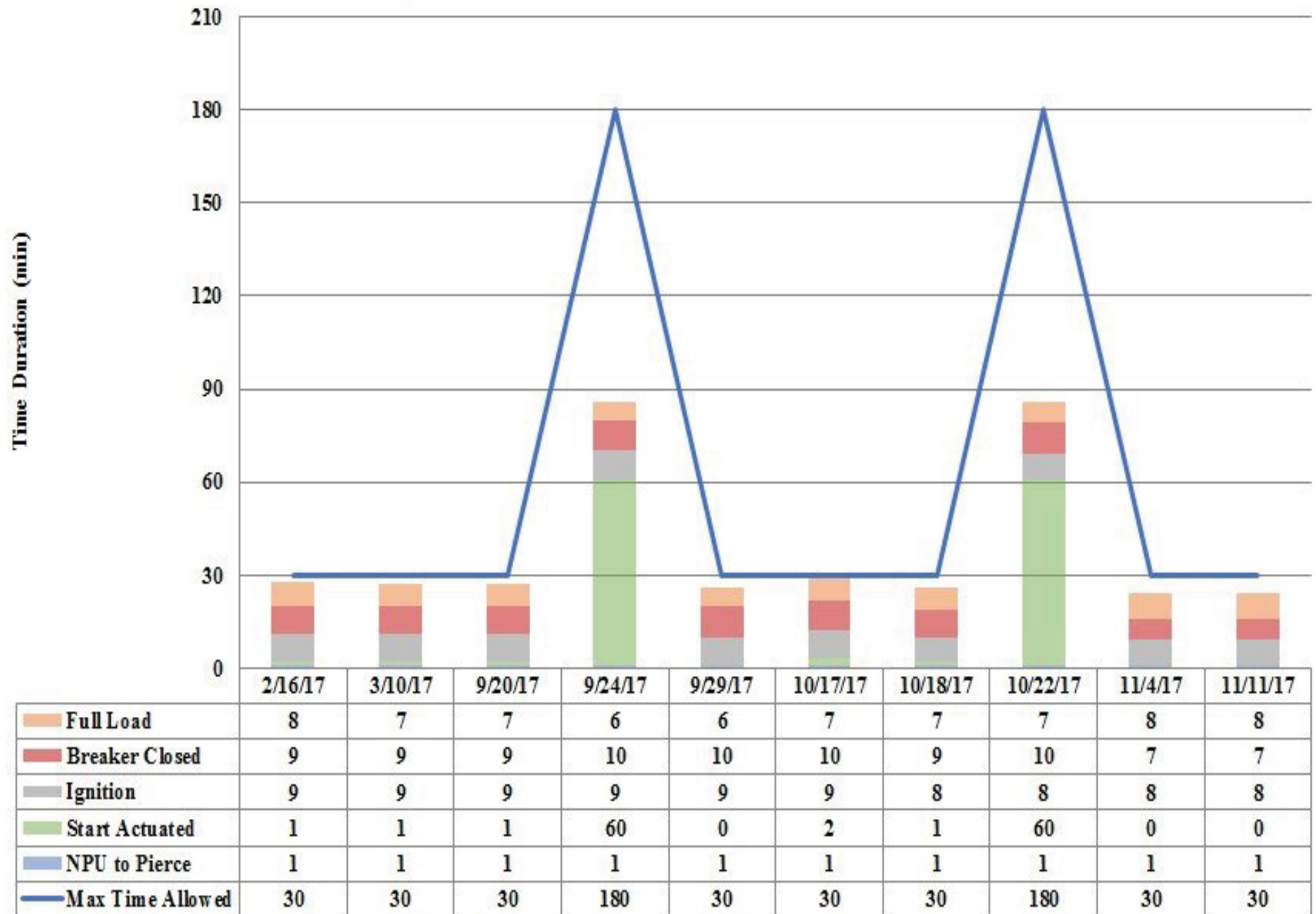


Pierce Plant - Heat Rate Deviation - December 2016 through November 2017



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Target Monthly Dev.	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Actual Monthly Dev.	2,121	1,772	1,421	2,077					1,720	1,748	1,402	1,263
Target 12 Mo. Dev.	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Actual 12 Mo. Dev.	2,121	1,947	1,771	1,848	1,848	1,848	1,848	1,848	1,822	1,810	1,752	1,691
Actual UF	0.94%	0.91%	0.17%	0.39%	0.00%	0.00%	0.00%	0.00%	0.17%	0.88%	1.44%	2.64%

Pierce Dispatch Performance to ISO-NE Standard



DG Monthly Asset Report

Performance Statement

November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues					
Energy	\$0	\$92	\$92	100%	1
LFR & NCPC	\$2,840	\$1,619	(\$1,221)	-43%	2
Capacity	\$0	\$6,946	\$6,946	100%	3
Total Revenues	\$2,840	\$8,656	\$5,816	205%	
Expenses					
Variable					
Fuel & Urea Burned	\$0	\$0	\$0	0%	
Fixed					
Communications, Depreciation	\$3,230	\$866	(\$2,364)	-73%	4
Staff	\$5,108	\$5,108	\$0	0%	
Total Expenses	\$8,338	\$5,974	(\$2,364)	-28%	
Operating Income/(Loss)	(\$5,498)	\$2,682	\$8,180	149%	
Total Capital & Debt	\$2,780	\$2,774	(\$6)	0%	
Grand Total Expense	\$11,118	\$8,748	(\$2,370)	-21%	
Net Benefit/(Loss)	(\$8,278)	(\$92)	\$8,186	99%	

Notes:

1. Increased Energy revenues due to higher than budgeted generation (2.7 MWh actual vs. 0.0 MWh budgeted).
2. Decreased LFR & NCPC revenues due to lower than budgeted LFR rate (\$1.00/kW-mo actual vs. \$1.42/kW-mo budgeted).
3. Increased Capacity revenues due to obtaining capacity obligation that was not budgeted (\$3.50/kW-mo).
4. Decreased expenses due to budget error that caused SCR amortization (\$2,780/mo) to be double-counted.

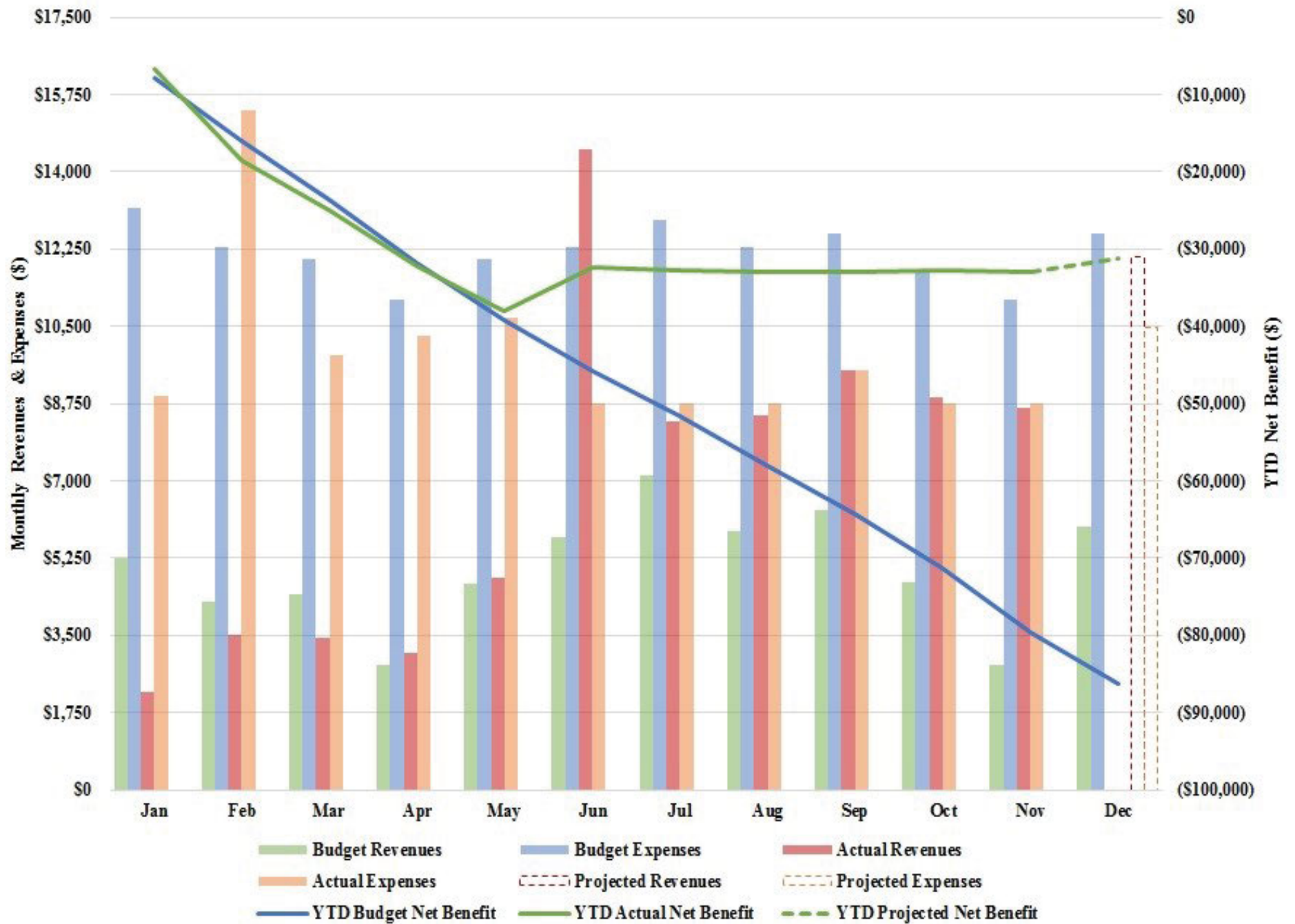
DG YTD Asset Report

Performance Statement

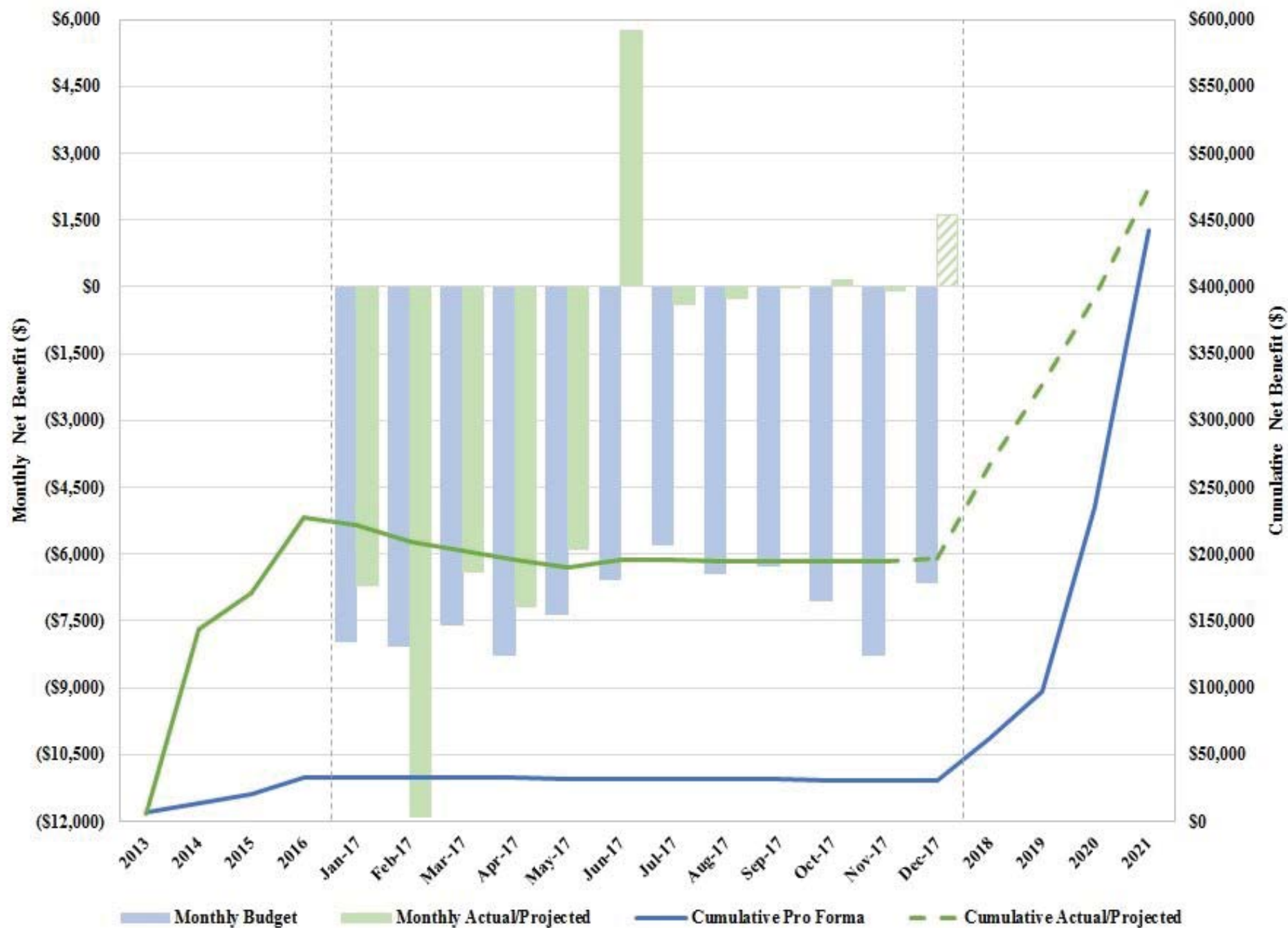
November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues					
Energy	\$15,586	\$4,905	(\$10,681)	-69%	
LFR & NCPC	\$38,437	\$24,429	(\$14,008)	-36%	
Capacity	\$0	\$46,120	\$46,120	100%	
Total Revenues	\$54,023	\$75,454	\$21,432	40%	
Expenses					
Variable					
Fuel & Urea Burned	\$11,312	\$6,442	(\$4,870)	-43%	
Fixed					
Communications, Depreciation	\$35,529	\$15,205	(\$20,323)	-57%	
Staff	\$56,188	\$56,188	\$0	0%	
Total Expenses	\$103,029	\$77,836	(\$25,193)	-24%	
Operating Income/(Loss)	(\$49,006)	(\$2,382)	\$46,625	95%	
Total Capital & Debt	\$30,579	\$30,516	(\$62)	0%	
Grand Total Expense	\$133,608	\$108,352	(\$25,255)	-19%	
Net Benefit/(Loss)	(\$79,585)	(\$32,898)	\$46,687	59%	

DG 2017 Revenues, Expenses, & Net Benefit



DG Financial Performance - Actual vs. Budget vs. Pro Forma



MicroGen Monthly Asset Report

Performance Statement

November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues/Avoided Costs					
Energy	\$17,354	\$52,469	\$35,115	202%	1
Ancillaries & ISO	\$53,574	\$12,519	(\$41,056)	-77%	2
Capacity	\$353,937	\$428,316	\$74,379	21%	3
Transmission	\$539,660	\$408,199	(\$131,462)	-24%	4
Total Revenues/Avoided Costs	\$964,526	\$901,502	(\$63,024)	-7%	
Expenses					
Variable					
Fuel & Urea Burned	\$86,050	\$104,519	\$18,469	21%	5
Fixed					
Utilities, Comm, Rent	\$48,837	\$58,134	\$9,297	19%	6
Maintenance, Insurance	\$49,112	\$27,155	(\$21,957)	-45%	7
Staff, Depreciation	\$95,752	\$96,328	\$576	1%	
Total Expenses	\$279,750	\$286,136	\$6,385	2%	
Operating Income/(Loss)	\$684,776	\$615,366	(\$69,409)	-10%	
Total Capital & Debt	\$193,884	\$193,884	\$0	0%	
Grand Total Expense	\$473,634	\$480,020	\$6,385	1%	
Net Benefit/(Loss)	\$490,892	\$421,482	(\$69,409)	-14%	

Notes:

1. Increased Energy revenues due to higher than budgeted generation (717 MWh actual vs. 573 MWh budgeted) and higher than budgeted LMPs during operation (\$73.15/MWh actual vs. \$34.80/MWh budgeted).
2. Decreased Ancillaries & ISO revenues due to lower than budgeted Ancillaries & ISO rates.
3. Increased Capacity revenues due to higher than budgeted capacity reserve margin (39% actual vs. 17% budgeted).
4. Decreased Transmission revenues due to lower than budgeted peak reduction for the month of October (37.29 MW actual vs. 47.60 MW budgeted).
5. Increased expenses due to higher than budgeted runtime (16.3 hours actual vs. 12.2 hours budgeted).
6. Increased expenses due to software license renewals that occurred in November but were not budgeted.
7. Decreased expenses due to lower than budgeted maintenance costs.

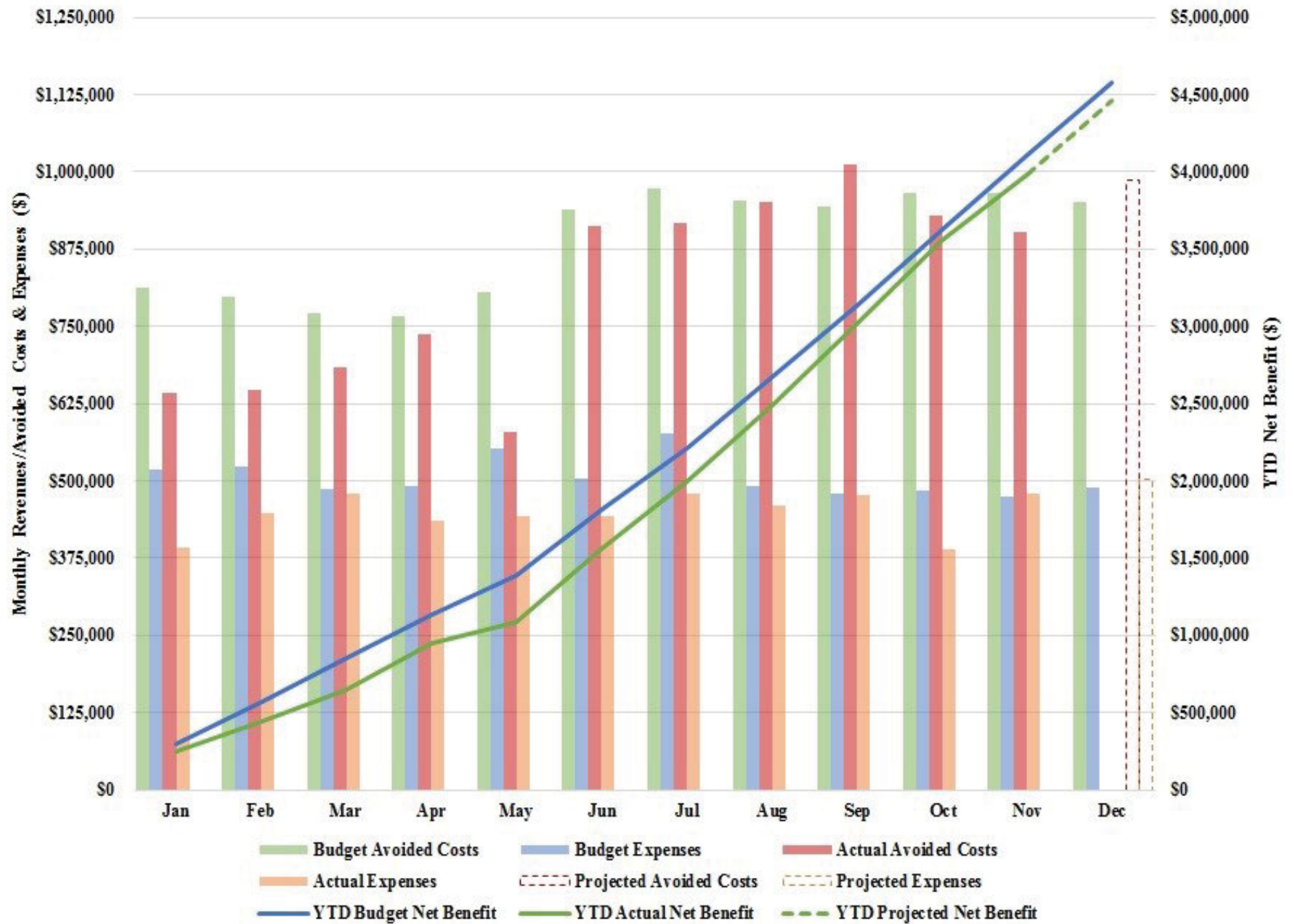
MicroGen YTD Asset Report

Performance Statement

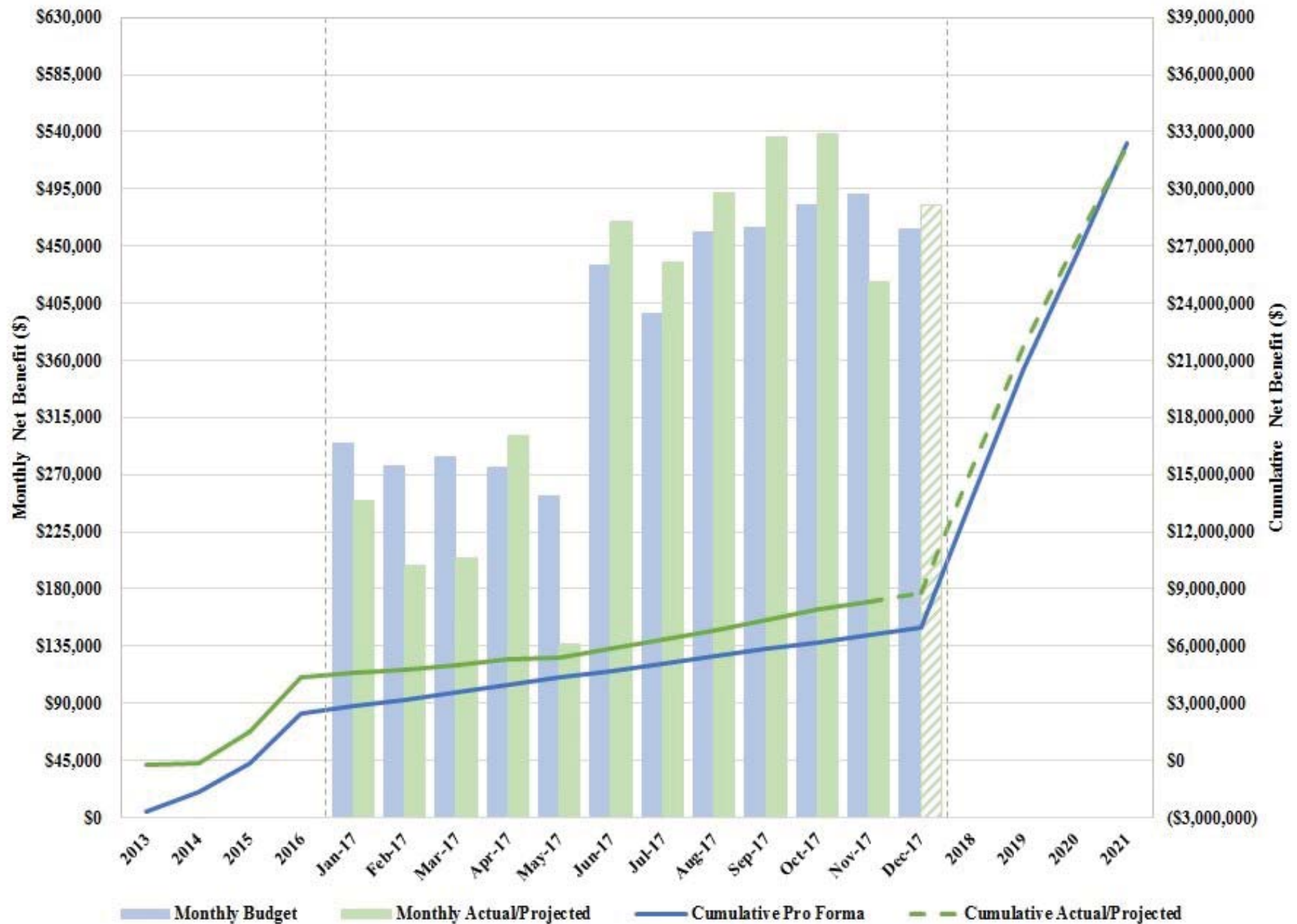
November 2017

	Budget	Actual	Variance (\$)	Variance (%)	Notes
Revenues/Avoided Costs					
Energy	\$310,261	\$370,829	\$60,568	20%	
Ancillaries & ISO	\$611,255	\$164,578	(\$446,677)	-73%	
Capacity	\$3,199,453	\$3,471,213	\$271,759	8%	
Transmission	\$5,573,462	\$4,900,555	(\$672,907)	-12%	
Total Revenues/Avoided Costs	\$9,694,432	\$8,907,175	(\$787,256)	-8%	
Expenses					
Variable					
Fuel & Urea Burned	\$1,206,803	\$670,817	(\$535,986)	-44%	
Fixed					
Utilities, Comm, Rent	\$533,507	\$572,734	\$39,227	7%	
Maintenance, Insurance	\$663,908	\$493,856	(\$170,052)	-26%	
Staff, Depreciation	\$1,044,937	\$1,054,334	\$9,397	1%	
Total Expenses	\$3,449,155	\$2,791,742	(\$657,413)	-19%	
Operating Income/(Loss)					
	\$6,245,277	\$6,115,434	(\$129,843)	-2%	
Total Capital & Debt					
	\$2,132,724	\$2,132,724	\$0	0%	
Grand Total Expense					
	\$5,581,879	\$4,924,466	(\$657,413)	-12%	
Net Benefit/(Loss)					
	\$4,112,553	\$3,982,710	(\$129,843)	-3%	

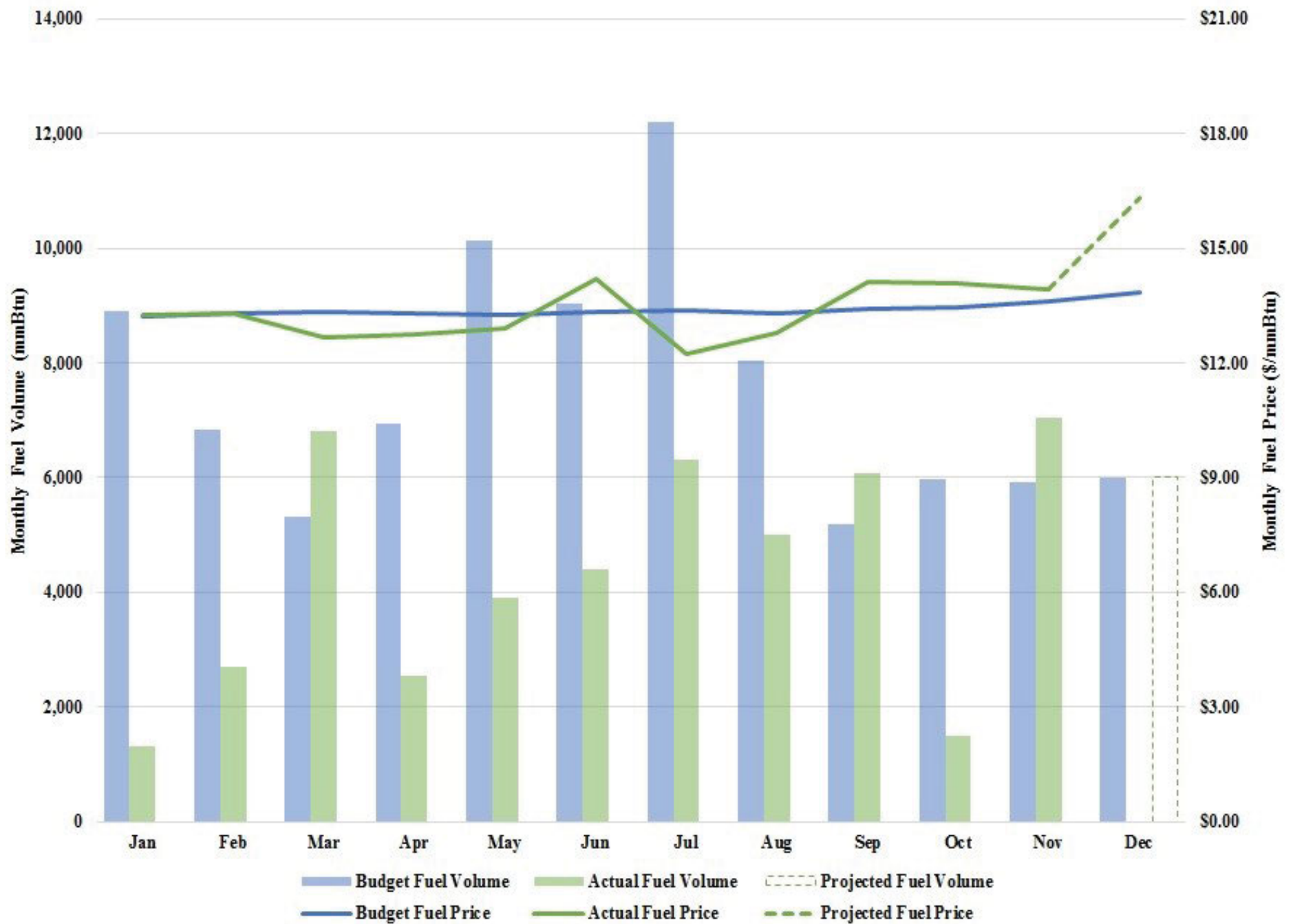
MicroGen 2017 Revenues/Avoided Costs, Expenses, & Net Benefit



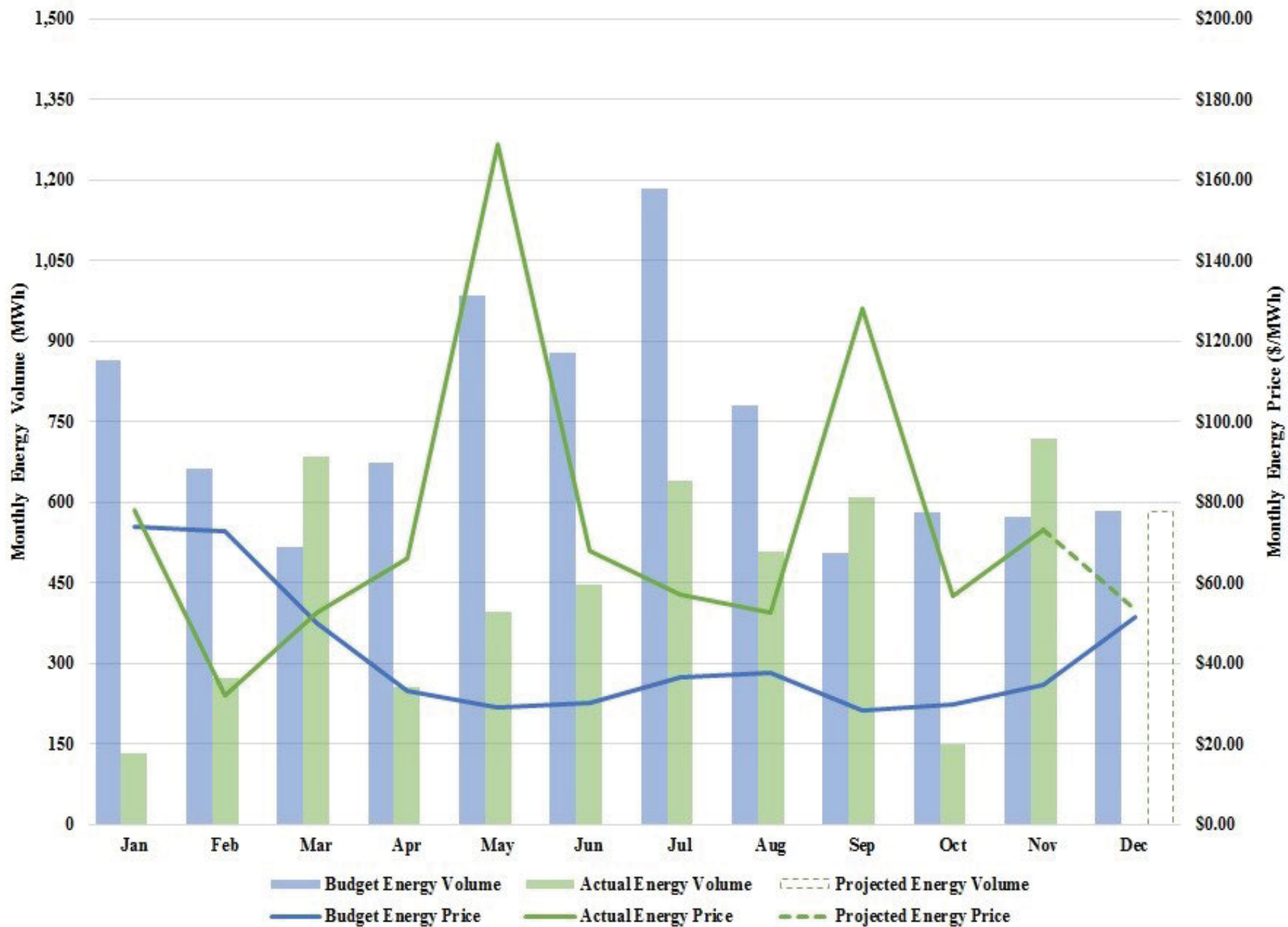
MicroGen Financial Performance - Actual vs. Budget vs. Pro Forma



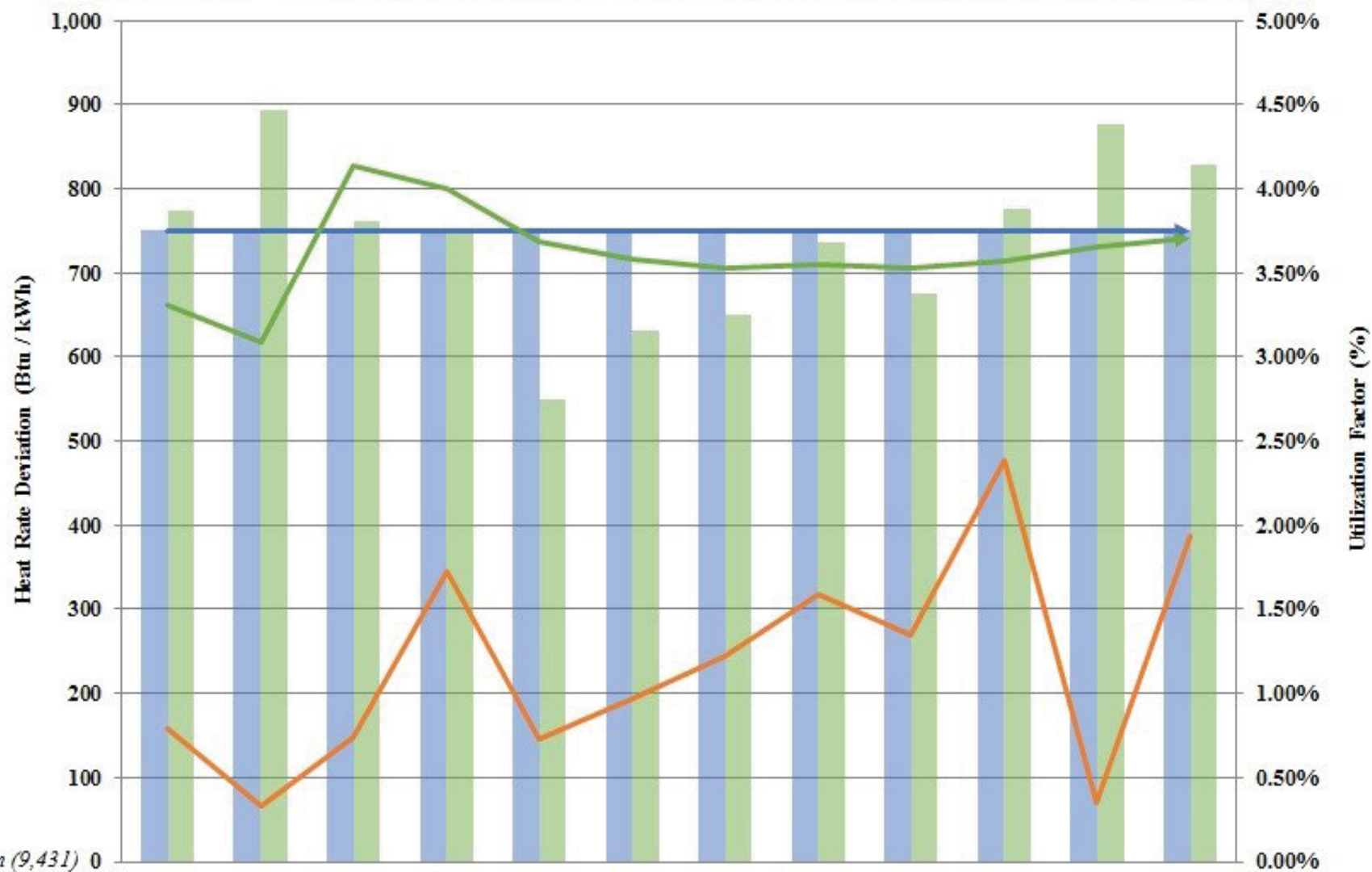
MicroGen 2017 Fuel Volume & Price Monthly



MicroGen 2017 Energy Volume & Price Monthly



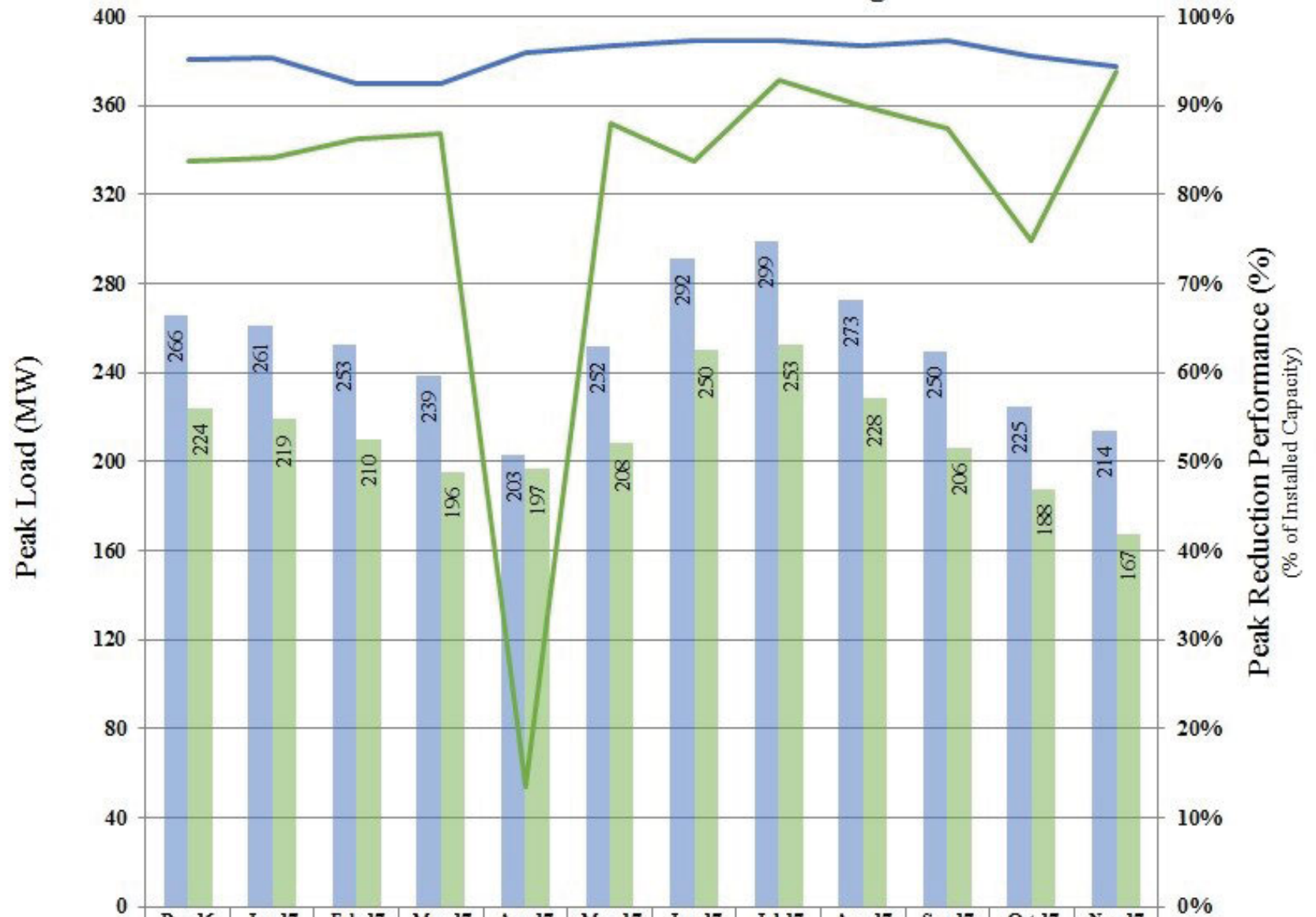
MicroGen - Heat Rate Deviation - December 2016 through November 2017



	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17
Target Monthly Dev.	750	750	750	750	750	750	750	750	750	750	750	750
Actual Monthly Dev.	773	894	761	748	549	631	651	737	675	777	877	828
Target 12 Mo. Dev.	750	750	750	750	750	750	750	750	750	750	750	750
Actual 12 Mo. Dev.	661	618	828	801	738	717	706	710	706	714	730	742
Actual UF	0.80%	0.33%	0.74%	1.72%	0.73%	0.97%	1.22%	1.59%	1.35%	2.39%	0.36%	1.93%

MicroGen - Peak Load Reduction - December 2016 through November 2017

Good
↑



Actual Monthly Peak	265.53	260.90	252.82	238.81	203.36	251.94	291.62	298.99	273.01	249.63	224.87	214.12
Effective Monthly Peak	223.86	218.97	209.83	195.54	196.62	208.09	249.93	252.79	228.23	206.08	187.58	167.41
Target Reduction Perf	95.20%	95.38%	92.37%	92.37%	95.98%	96.79%	97.39%	97.39%	96.79%	97.39%	95.58%	94.38%
Monthly Reduction Perf	83.67%	84.20%	86.33%	86.89%	13.53%	88.05%	83.71%	92.77%	89.92%	87.45%	74.88%	93.80%

Asset Management Monthly Report

November 2017

Monthly Safety Summary:

Near Misses: 0 OSHA Recordables: 0 Lost time accidents: 0

Explanation of Occurrences: N/A

YTD Safety Summary:

Near Misses: 1 OSHA Recordables: 0 Lost time accidents: 0

Monthly Environmental Summary:

Emission system failures: 0 Notices of Violation: 0

Explanation of Occurrences: N/A

YTD Environmental Summary:

Emission system failures: 0 Notices of Violation: 0

ISO Units Operations Report - November 2017

NOTE: Monthly Availability = Number of Hours Available / Number of Period Hours

UNIT	Monthly Availability	Dispatches - month	Successful Dispatches	Comments
PIERCE STATION	100%	2	2	Successful dispatches 11/4, 11/11. Two test runs.
NORWICH WWTP	100%	0	0	No dispatches. One test run.

Operations Details:

- Pierce received two (2) dispatches from ISO-NE for the month of November. Both were successful dispatches with a total output of 466 MWh. There were two (2) test runs for the month of November (RATA environmental testing & ISO dual-fuel audit) with a total output of 1,111 MWh.
- Norwich WWTP received zero dispatches from ISO-NE for the month of November. There was one (1) test run for the month of November with a total output of 2.7 MWh.

MicroGen Operations Report

November 2017

Month	Unit Name	Total MWH	Number of Dispatches	Total Dispatched Hours	Network Load Peak	Run During Peak
NOV 2017	BMP1	33.988	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	BMP2	33.235	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	BMP3	33.311	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	BMP4	33.227	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	BS1GU	35.173	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	BS2GU	34.622	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	FHM1	30.948	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	FHM2	25.476	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	FHM3	23.052	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	FHM4	23.417	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	FI1GU	15.319	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	GC1GU	35.866	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	GC2GU	29.200	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	JC1JC	34.175	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	LNG1NP	33.812	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	LNG2NP	33.662	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	LP1BZ	26.842	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	LP2BZ	35.491	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	WT1GU	33.959	7	14	NOV 13, 2017 hr.18	YES
NOV 2017	WT2GU	34.465	7	14	NOV 13, 2017 hr.18	YES
NOV 2017 50 in 5 Total		619.240	140	280	NOV 13, 2017 hr.18	YES

MicroGen Operations Details:

- CMEEC Portfolio Management issued seven (7) dispatch instructions for the month of November:
 - November 10th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
 - November 13th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
 - November 14th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
 - November 20th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
 - November 27th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
 - November 28th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
 - November 30th - 20 units were dispatched for peak load optimization for hours 17:00 through 19:00.
- MicroGen units were successful in optimizing the monthly peak load for the month of November. The monthly peak occurred on November 13th hour ending 18:00. The load was reduced by 46.71 MW out of an available 50 MW during the peak hour. Several units ran at a reduced load due to system restrictions.
- Asset Management Staff had no after hour calls for the month of November.

Transco Board of Directors
December 21, 2017 Board Meeting

Operations Management Report

- **Objective:** Update operational and financial performance on Transco, Transmission Project #1, and Hydro Quebec.
- **Decision Required or Informational:** Informational

• **Essential/Critical Points:**

Observations/Status

All Transco assets are determined to be compliant with NERC Reliability Standards for the month of December.

Financial Performance

Projected Year End for Transmission Project #1 is \$24,084 above October's estimate primarily due to higher RNS revenue for November, Pool Load was up 1%.

Transmission Project #1 2017 Project Benefit Statement						
	November		Year to Date		Projected Year End	
	Budget	Estimate	Budget	Estimate	Budget	Estimate
Transco Project #1 Net Income	\$ 227,525	\$ 246,680	\$ 3,742,251	\$ 3,698,064	\$ 4,011,927	\$ 3,954,613
Less: CMEEC Investment in Project #1 Capital & Debt Expenses	265,718	265,718	2,922,907	2,922,907	3,188,625	3,188,625
Net Benefit Transmission Project #1	\$ (38,193)	\$ (19,038)	\$ 819,344	\$ 775,157	\$ 823,302	\$ 765,988
Net Benefit per MWh	(\$0.56)	(\$0.28)	\$1.03	\$1.01	\$0.94	\$0.90
Net benefit per MWh is calculated based on the collective load share of Project #1 owners. Net benefit per MWh for each owner will vary based on ownership percentage and load.						
Year End Projection						
Project Performance Year End 2017	Current	Previous		Variance	%	
	\$ 765,988	\$ 741,904		\$ 24,084	3%	
The current Year End Net Benefit Projection for Transmission Project #1 is \$24k above October's estimate. The main driver is increased November RNS revenue of \$22k , Pool Load was up 1% .						

Hydro Quebec 2017 Project Benefit Statement

	November		Year to Date		Projected Year End	
	Budget	Estimate	Budget	Estimate	Budget	Estimate
Revenue	\$ 99,069	\$ 99,528	\$ 953,190	\$ 914,970	\$ 1,052,677	\$ 1,014,954
Expenses	22,718	21,714	249,903	338,367	272,622	368,367
Net Benefit	\$ 76,351	\$ 77,814	\$ 703,287	\$ 576,603	\$ 780,055	\$ 646,587

- **Critical Dates:** N/A
- **Decision Statement:** None

Transco Monthly Report

Project Performance Statement - November 2017 Estimate

Transco Project #1

			Estimate Over/(Under)		
	Budget	Estimate	Budget	%	Comments
Revenues					
RNS Transmission Revenues	\$ 503,113	\$ 525,130	\$ 22,017	4%	see accompanying analysis
LNS Transmission Revenues	18,633	19,100	467	3%	
Other Income	10,000	10,000	-	0%	
Total Revenues	\$ 531,746	\$ 554,230	\$ 22,484	4%	
Expenses					
Operations & Maintenance					
CL&P O&M	\$ 87,133	\$ 90,691	\$ 3,558	4%	
General & Administrative					
Property Tax Expense	60,540	60,311	(229)	0%	
A&G Exp - Misc O/S consultants	10,436	10,436	-	0%	
A&G Exp - CMEEC charges	59,862	59,862	-	0%	
Load Dispatch	-	-	-	0%	
Total Expenses	\$ 217,971	\$ 221,300	\$ 3,329	2%	
Operating Income	\$ 313,775	\$ 332,930	\$ 19,155	6%	
Capital & Debt Expenses	86,250	86,250	-	0%	
Grand Total Expenses	\$ 304,221	\$ 307,550	\$ 3,329	1%	
Net Income	\$ 227,525	\$ 246,680	\$ 19,155	8%	Note 1

Hydro Quebec

Revenues					
RNS Transmission Revenues	\$ 4,987	\$ 5,446	\$ 459	9%	
Capacity Credits	67,802	67,802	-	0%	
Use Rights Transfer Payments	26,280	26,280	-	0%	
Total Revenues	\$ 99,069	\$ 99,528	\$ 459	0%	
Expenses					
Support Payments	\$ 22,718	\$ 21,714	\$ (1,005)	-4%	
Total Expenses	\$ 22,718	\$ 21,714	\$ (1,005)	-4%	
Net Income	\$ 76,351	\$ 77,814	\$ 1,464	2%	

Note 1 This report shows the Project Performance as the net amount transferred to CMEEC from Project #1, before CMEEC Debt Service; the internal financials are shown with a net of zero to reflect the passing of the Project #1 Net Benefit to CMEEC

Transco Monthly Report

Project Performance Statement - November 2017 Estimate

MEU Transmission

	Budget	Estimate	Estimate Over/(Under)	%	
Revenues					
RNS Transmission Revenues	\$ 152,072	\$ 194,101	\$ 42,029	28%	Note 2
Total Revenues	\$ 152,072	\$ 194,101	\$ 42,029		
Expenses					
Transmission Expenses					
RNS Revenue Disbursements to MEUs	\$ 152,072	\$ 194,101	\$ 42,029	28%	Note 2
Total Expenses	\$ 152,072	\$ 194,101	\$ 42,029	28%	
Net Income	\$ -	\$ -	\$ -	0%	

CMEEC Transmission

Revenues					
Receipts - Pass Through Expenses	\$ 1,264,538	\$ 1,342,280	\$ 77,742	6%	
Total Revenues	\$ 1,264,538	\$ 1,342,280	\$ 77,742	6%	
Expenses					
Transmission Expenses					
ISO	\$ 1,036,102	\$ 1,113,844	\$ 77,742	8%	Note 3
Schedule 21	225,285	225,285	-	0%	
General & Administrative					
A&G Exp - CMEEC charges	3,151	3,151	-	0%	
Total Expenses	\$ 1,264,538	\$ 1,342,280	\$ 77,742	6%	
Net Income	\$ -	\$ -	\$ -	0%	

Note 2 MEU Revenue Requirements higher than budgeted, pool load higher than budgeted

Note 3 CMEEC load 5% above budget, transmission rate higher than budgeted

Transco Monthly Report

Project Performance Statement - YTD November 2017 Estimate

Transco Project #1

			Estimate Over/(Under)		
	Budget	Estimate	Budget	%	Comments
Revenues					
RNS Transmission Revenues	\$ 6,797,213	\$ 6,734,536	\$ (62,677)	-1%	see accompanying analysis
LNS Transmission Revenues	207,843	214,236	6,393	3%	
Other Income	110,000	149,140	39,140	36%	
Total Revenues	\$ 7,115,056	\$ 7,097,912	\$ (17,144)	0%	
Expenses					
Operations & Maintenance					
CL&P O&M	\$ 958,463	\$ 979,811	\$ 21,348	2%	
General & Administrative					
Property Tax Expense	667,764	666,617	(1,147)	0%	
A&G Exp - Misc O/S consultants	139,346	146,188	6,842	5%	
A&G Exp - CMEEC charges	658,482	658,482	-	0%	
Load Dispatch	-	-	-	0%	
Total Expenses	\$ 2,424,055	\$ 2,451,097	\$ 27,043	1%	
Operating Income	\$ 4,691,001	\$ 4,646,814	\$ (44,187)	-1%	
Capital & Debt Expenses	948,750	948,750	-	0%	
Grand Total Expenses	\$ 3,372,805	\$ 3,399,847	\$ 27,043	1%	
Net Income	\$ 3,742,251	\$ 3,698,064	\$ (44,187)	-1%	Note 1

Hydro Quebec

Revenues					
RNS Transmission Revenues	\$ 66,116	\$ 65,879	\$ (237)	0%	
Capacity Credits	597,994	560,011	(37,983)	-6%	
Use Rights Transfer Payments	289,080	289,080	-	0%	
Total Revenues	\$ 953,190	\$ 914,970	\$ (38,220)	-4%	
Expenses					
Support Payments	\$ 249,903	\$ 338,367	\$ 88,463	35%	Note 2
Total Expenses	\$ 249,903	\$ 338,367	\$ 88,463	35%	
Net Income	\$ 703,287	\$ 576,603	\$ (126,684)	-18%	

- Note 1 This report shows the Project Performance as the net amount transferred to CMEEC from Project #1, before CMEEC Debt Service; the internal financials are shown with a net of zero to reflect the passing of the Project #1 Net Benefit to CMEEC
- Note 2 Support payments to New England Hydro Transmission higher than budgeted

Transco Monthly Report

Project Performance Statement - YTD November 2017 Estimate

MEU Transmission

	Budget	Estimate	Estimate Over/(Under)	%	
Revenues					
RNS Transmission Revenues	\$ 2,158,160	\$ 2,359,414	\$ 201,254	9%	Note 3
Total Revenues	\$ 2,158,160	\$ 2,359,414	\$ 201,254	9%	
Expenses					
Transmission Expenses					
RNS Revenue Disbursements to MEUs	\$ 2,158,160	\$ 2,359,414	\$ 201,254	9%	Note 3
Total Expenses	\$ 2,158,160	\$ 2,359,414	\$ 201,254	9%	
Net Income	\$ -	\$ -	\$ -	0%	

CMEEC Transmission

Revenues					
Receipts - Pass Through Expenses	\$ 16,063,742	\$ 16,813,045	\$ 749,303	5%	
Total Revenues	\$ 16,063,742	\$ 16,813,045	\$ 749,303	5%	
Expenses					
Transmission Expenses					
ISO	\$ 13,620,410	\$ 13,807,243	\$ 186,833	1%	
Schedule 21	2,408,671	2,971,142	562,471	23%	Note 4
General & Administrative					
A&G Exp - CMEEC charges	34,661	34,661	-	0%	
Total Expenses	\$ 16,063,742	\$ 16,813,045	\$ 749,303	5%	
Net Income	\$ -	\$ -	\$ -	0%	

Note 3 MEU Revenue Requirements higher than budgeted

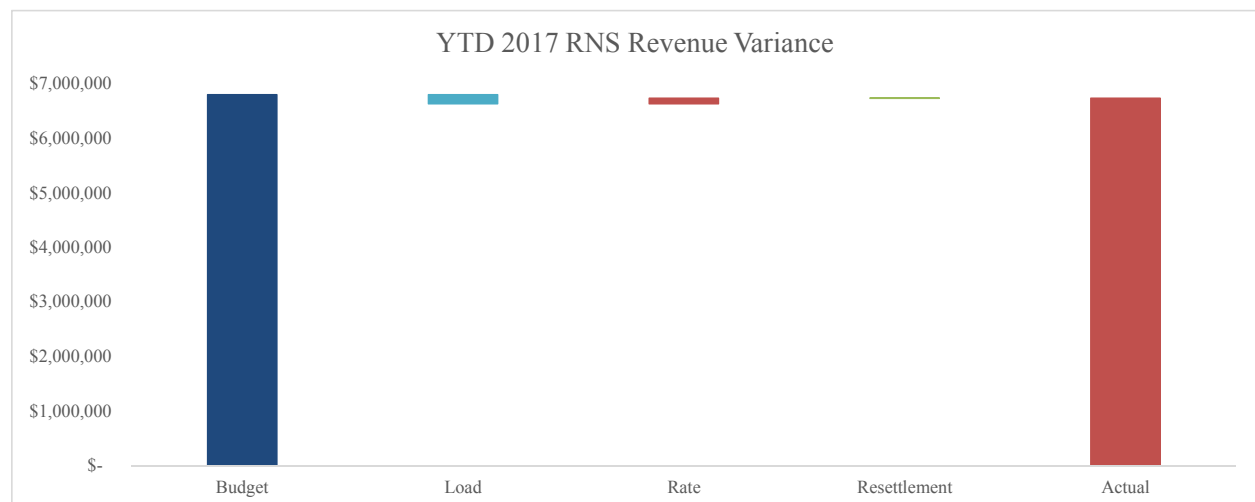
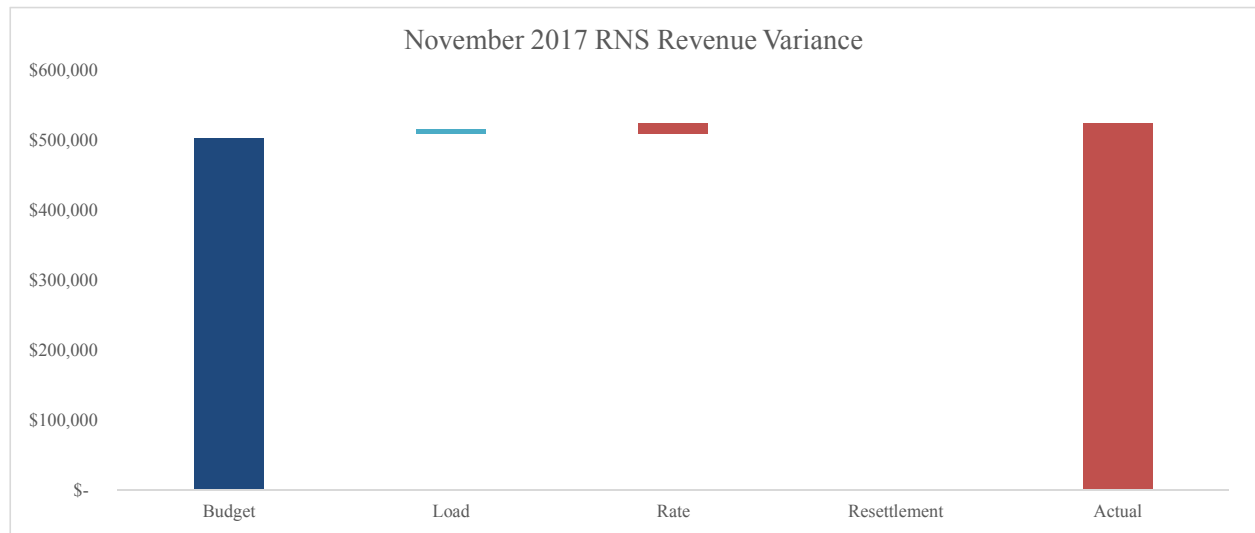
Note 4 Eversource LNS Category A True-up charge

Transco Project #1

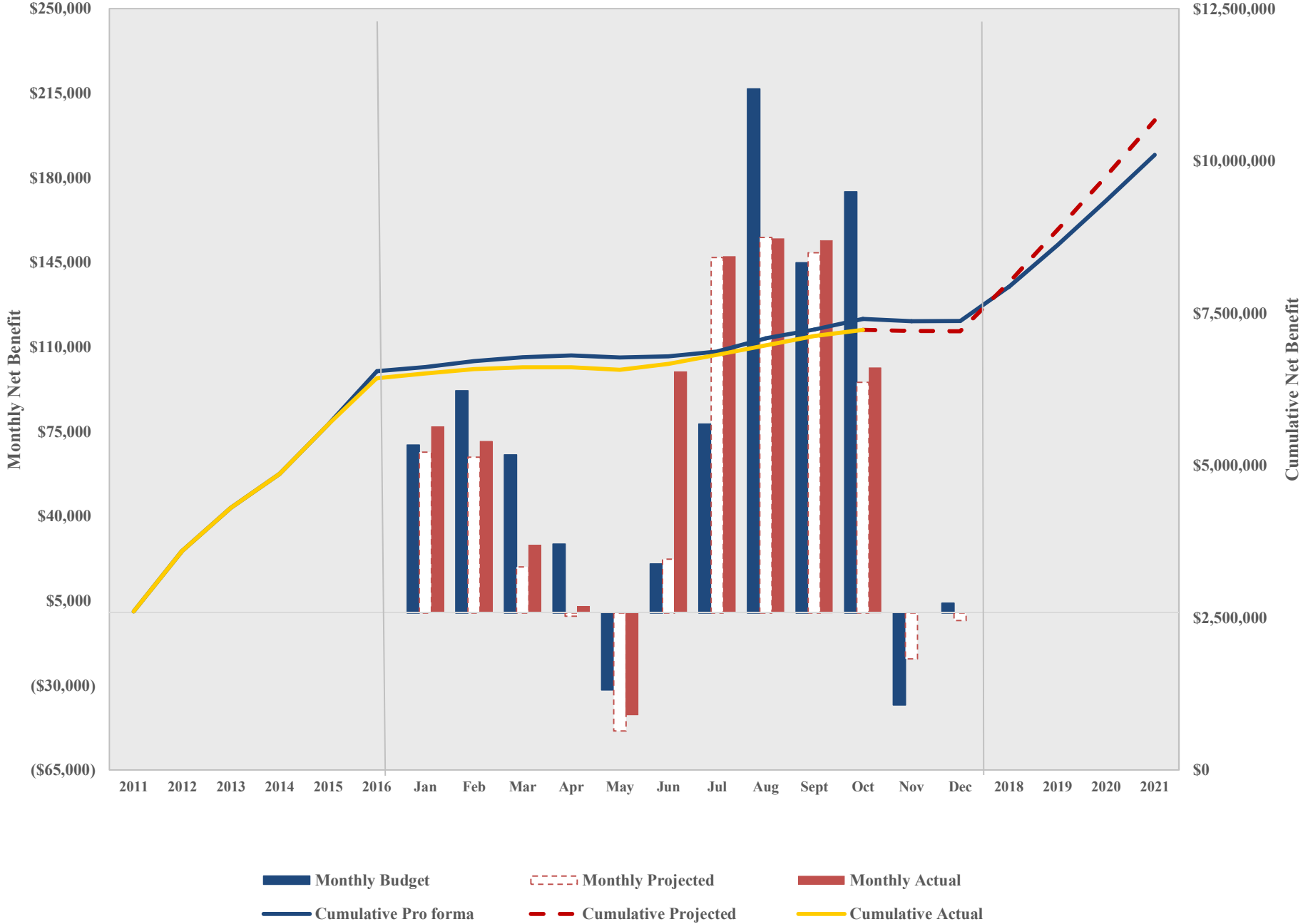
November RNS Revenue Variance Analysis

		November		Year to Date		Projected Year End	
RNS Calculation							
Rate Year 2012-2013		Budget	Estimate	Budget	Estimate	Budget	Estimate
Line 1	Transco Post 96 Revenue Requirement	\$ 7,207,782	\$ 7,325,440				
Line 2	Post 96 Pool Revenue Requirement	\$ 1,818,509,499	\$ 1,855,816,227				
Line 3	Transco % to Total (L1 / L2)	0.39636%	0.39473%				
Line 4	Post 96 RNS charge (L7 x L8)	\$ 126,934,940	\$ 133,036,489				
Line 5	Transco RNS (L3 x L4)	\$ 503,113	\$ 525,130	\$ 6,797,213	\$ 6,731,667	\$ 7,342,527	\$ 7,274,399
Line 6	RNS Resettle	-	-	-	2,869	-	2,869
Total RNS (L5 + L6)		\$ 503,113	\$ 525,130	\$ 6,797,213	\$ 6,734,536	\$ 7,342,527	\$ 7,277,268
Line 7	Pool Network Load KW	16,644,553	16,864,952	220,663,889	215,396,374	238,704,498	233,436,983
Line 8	Post 96 NE RNS\$/KW-month	\$ 7.63	\$ 7.89				

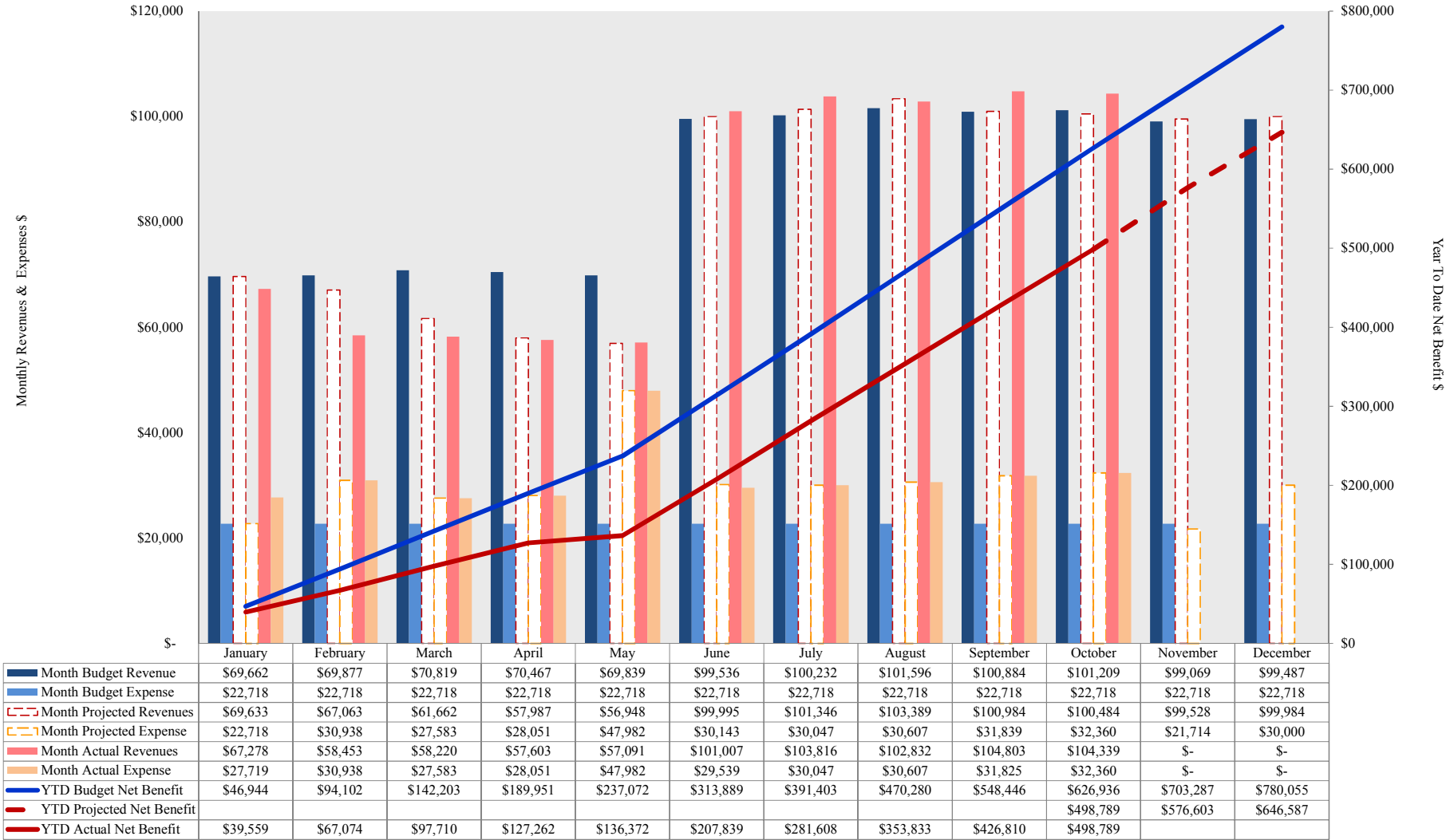
Variance due to load	\$ 6,668	\$ (162,140)	\$ (162,140)
Variance due to rate	15,349	96,594	96,594
Variance due to resettlement	-	2,869	2,869
Total variance to budget	\$ 22,017	\$ (62,677)	\$ (62,677)



Transmission Project #1 Financial Performance



Hydro Quebec: Net Benefit



Membership Agreement

FINAL March 27, 2013

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE

MEMBERSHIP AGREEMENT

Dated as of _____, 2013

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MEMBERSHIP AGREEMENT

This MEMBERSHIP AGREEMENT (this “Agreement”), governing membership in the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, a public body corporate and politic organized and existing under and by virtue of the laws of the State of Connecticut (“CMEEC”), is made and entered into as of _____, 2013 (the “Effective Date”) by and among each of the following political subdivisions acting by and through their municipal electric utility (“MEU”), through duly authorized action of the governing bodies of each such MEU: the CITY OF GROTON, CONNECTICUT (“Groton”), the BOROUGH OF JEWETT CITY, CONNECTICUT (“Jewett City”), the CITY OF NORWICH, CONNECTICUT (“Norwich”), the SECOND TAXING DISTRICT OF THE CITY OF NORWALK, CONNECTICUT (“South Norwalk”), and the THIRD TAXING DISTRICT OF THE CITY OF NORWALK, CONNECTICUT (“East Norwalk”). As referenced herein. Groton, Jewett City, Norwich, South Norwalk and East Norwalk, and any entity that signs a joinder agreement to this Agreement are referred to sometimes, collectively, as the “Parties”, and each individually as a “Party”).

WITNESSETH:

WHEREAS, each Party is a MEU organized under Chapter 101 of Title 7 of the General Statutes of Connecticut, as amended (the “MEU Act”), and/or any special act or acts of the State of Connecticut;

WHEREAS, the Parties are the members of CMEEC (together with any members who may join CMEEC following the Effective Date, unless such future members are otherwise specifically referred to herein as a “New Member” as further defined below) (with such members referred to herein collectively as the “Members” and each individually as a “Member”, as evidenced by that certain Agreement Creating the Connecticut Municipal Electric Energy Cooperative, dated September 20, 1976, as amended (the “Creating Agreement”), pursuant to which CMEEC was duly organized in accordance with Chapter 101a of Title 7 of the General Statutes of Connecticut, as amended (the “Cooperative Act”);

WHEREAS, the Parties have determined it necessary to address certain requirements relating to becoming a Member and maintaining Member status, including: initial and on-going requirements regarding Equity (as hereinafter defined), benefits and distributions, liabilities and responsibilities, and certain other matters related to being a Member as set forth herein;

WHEREAS, the Parties desire, among other things, to establish mechanisms through which (i) Persons may join CMEEC as Members or may withdraw from CMEEC, (ii) CMEEC may account for each Member’s Equity and whether and to what extent a Member may be required to contribute Equity, (iii) CMEEC may distribute Equity to Members, (iv) CMEEC may generally conduct its internal governance, and (v) Members may participate in Additional Power Projects (as hereinafter defined); and

WHEREAS, the Parties desire to establish the rights and obligations set forth herein to, among other things, ensure that the ratio of Indebtedness (as hereinafter defined) to CMEEC

Equity (as hereinafter defined) remains at an appropriate level with respect to (i) CMEEC as a whole, (ii) each Member individually, (iii) any current or future Member that may withdraw from CMEEC, and (iv) any Person that may in the future become a member of CMEEC.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Parties agree as follows:

SECTION 1. DEFINITIONS AND EXPLANATIONS OF TERMS.

The following terms for all purposes of this Agreement shall have the following meanings:

AAA is the American Arbitration Association.

Additional Power Projects as defined in the RPSC.

Applicable Law shall mean the requirements of any federal and/or state law, code, statute, rule, regulation, or decree, including the MEU Act and the Cooperative Act, as well as any decree, order or judgment, not otherwise subject to appeal, validly issued or promulgated, and then in effect, by any court, tribunal, arbitrator or governmental agency having competent jurisdiction.

Approved Budget as defined in Section 8.1.

Board shall mean the CMEEC Board of Directors or the CMEEC Member Delegation, whichever applies as used in this Agreement with regard to specific role as further defined in the Bylaws, or any successor governing board of CMEEC constituted pursuant to the Cooperative Act and the Bylaws.

Bond Resolution shall mean (i) the Power Supply System Revenue Bond Resolution adopted by the Board on September 23, 1993, and all amendments and supplements thereto adopted in accordance with the provisions thereof, and (ii) any other instrument adopted or executed by CMEEC that provides for the authorization, issuance, grant of security and/or payment of the Bonds, but shall not include the CMEEC Transmission Bond Resolution, and together with any replacements thereof.

Bonds shall mean the Indebtedness and Financial Contracts outstanding under, and secured by, any Bond Resolution.

Bozrah shall mean the Bozrah Light and Power Company.

Bozrah Contingent Equity shall mean that certain CMEEC Equity previously contributed by Bozrah and allocable pursuant to this Agreement.

Bylaws shall mean those certain Bylaws of the Connecticut Municipal Electric Energy Cooperative, approved October 22, 1976, as amended.

CMEEC Actual Equity Level shall mean, at any time, on a CMEEC consolidated basis, the amount of CMEEC Equity as a percentage of CMEEC Capitalization at such time.

CMEEC Capitalization shall mean, at any time, the sum of (i) the CMEEC Equity and (ii) the amount of Indebtedness outstanding at such time.

CMEEC Equity shall mean, at any time, the aggregate of all MEU Contributed Equity and Common Equity existing at such time.

CMEEC Margin shall mean, for any period, all revenues less incurred expenses received by CMEEC for services provided or sold as so designated as CMEEC Margin in an Approved Budget. Allocation of CMEEC Margin shall occur pursuant to the terms of this Agreement.

CMEEC Member Delegation shall mean the body of the same name established under and operating pursuant to the Bylaws, as amended.

CMEEC Target Equity Level shall mean, at any time or for any period depending on the context, and on a CMEEC consolidated basis, a percentage determined by the Board from time to time pursuant to the terms of this Agreement that expresses the required amount of CMEEC Equity as a percentage of CMEEC Capitalization, at such time or for such period. An example illustrating a calculation of CMEEC Target Equity Level is attached hereto as Schedule C.

CMEEC Transmission Bond Resolution shall mean the Transmission Services Revenue Bond Resolution, adopted by CMEEC on March 22, 2012, as the same maybe amended, restated or supplemented from time to time, and together with any replacements thereof.

Common Equity shall mean, at any time, the accumulated net revenues received by CMEEC and recorded on CMEEC's balance sheet, exclusive of (i) MEU Contributed Equity, unless and until any portion of the same shall be designated as Common Equity pursuant to this Agreement, (ii) Bozrah Contingent Equity, unless and until any portion of the same shall be designated as Common Equity pursuant to this Agreement, (iii) Wallingford Contingent Equity, unless and until any portion of the same shall be designated as Common Equity pursuant to this Agreement, and (iv) CMEEC Margin, unless and until any portion of the same shall be designated as Common Equity pursuant to this Agreement.

Contract Party Transmission Purchaser Event of Default as defined in the GTSA.

Credit Rating shall mean, with respect to any Person, the credit rating issued by a (US) nationally recognized credit rating agency with respect to the unsecured senior debt of such Person.

Debt Service shall mean, for any period, the aggregate of the amounts required by the Bond Resolution to be paid or deposited into any fund or account created by the Bond Resolution for the sole purpose of paying the principal (including sinking fund installments and the amounts required to be paid to satisfy any existing financial covenants, including those created pursuant to the Bond Resolution) of and premium, if any, and interest on all Bonds for such period.

Debt Service Coverage shall mean those amounts, otherwise comprising Debt Service, and required to be paid pursuant to the financial covenants of CMEEC under the Bond Resolution for purposes of satisfying the debt service coverage requirements of the Bond Resolution and excluding, without limitation, those amounts other than such debt service coverage payments which are to be paid on account of scheduled repayments of principal and interest thereon with respect CMEEC Indebtedness or to maintain debt service reserves related to such CMEEC Indebtedness pursuant to the Bond Resolution.

Dispute Notice as defined in Section 13.2.

Distribution-Allocated Equity as defined in Section 7.2.

Distribution-Eligible Equity as defined in Section 7.1.

Distribution-Eligible Members as defined in Section 7.3.

Electric Products as defined in the RPSC.

Entitlement Allocation as defined in the RPSC.

Equity shall mean, at any time and with respect to any Person, the sum of (i) such Person's MEU Contributed Equity, and (ii) the amount of Common Equity allocated to such Person pursuant to Section 5, at such time. Equity shall include a Person's allocable share of any Distribution-Eligible Equity that the Board does not designate as Distribution-Allocated Equity. Equity shall also mean "MEU Total Equity" as set forth in Exhibit B.

Existing Members shall mean, at any time, all of the Persons that have been admitted as Members to CMEEC pursuant to this Agreement as of such time.

Extraordinary Circumstances is as defined in Section 10.2.1.

Federal Tax Exemption shall mean the exclusion from Federal income taxation of interest paid or to be paid on the Bonds.

Financial Contract shall mean, to the extent CMEEC is permitted by law to enter into the same (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, stock or other indices, (iii) any contract to exchange cash flows or payments or a series of payments, (iv) any type of contract, including interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including payment, currency, rate, fuel supply, energy, commodities or any other financial risk, or (v) any other type of contract or arrangement which CMEEC, evidenced by a resolution of the Board, determines is to be used, or is intended, to manage or reduce the cost of Indebtedness, to convert any element of debt from one form to another, to minimize investment return risk, or to protect against any type of financial or investment risk or uncertainty.

Fixed Costs as defined in the RPSC.

GAAP shall mean generally accepted accounting principles consistently applied and maintained throughout the period indicated. Whenever any accounting term is used herein and is not otherwise defined, it shall be interpreted in accordance with GAAP.

GTSA shall mean, collectively, those certain General Transmission Services Agreements by and between CMEEC and certain Power Purchasers as the same may be amended, restated or supplemented from time to time, or, if applicable, the individual GTSA by and between a Member and CMEEC.

Good Cause is as defined in Section 10.2.1.

Indebtedness shall mean, at any time, all items of indebtedness or liability of CMEEC at any time which in accordance with GAAP would be included in determining total liabilities as shown on the liability side of a consolidated balance sheet of Borrower as of the date of determination, including: (a) indebtedness for borrowed money, whether or not represented by Bonds, debentures, notes or other securities; (b) any obligation of CMEEC to pay rent or other amounts under a lease of real and/or personal property, which obligation is, or in accordance with GAAP is required to be, classified and accounted for as a capital lease on a balance sheet of CMEEC; (c) obligations under direct or indirect guaranties of indebtedness or obligations of others referred to in clause (a) or (b) above; (d) any indebtedness secured by any security interest on the property of CMEEC.

Load shall mean, for any period, and with respect to any MEU, electric energy measured in megawatt hours ("MWh") during a given period and delivered by CMEEC to the applicable MEU, including special contracts.

Margin-Eligible Member shall mean, at any time, any Member whose Member Actual Equity Level is greater than such Member's Member Target Equity Level at such time, and is not otherwise in default of any other term of this Agreement.

Margin-Ineligible Member shall mean, at any time, (i) any Member who is in default of any term of this Agreement other than Section 3.1, (ii) any Member who has submitted a notice of voluntary withdrawal pursuant to Section 10, or (iii) any Member who is in the process of being involuntarily withdrawn pursuant to Section 10, at such time.

Material Default shall mean, with respect to a Person, one or more defaults of such Person under one or more contractual undertakings, other than pursuant to a contract with CMEEC, which has or have not been cured within the applicable cure period(s), if any, with an aggregate contested amount in excess of \$100,000.00.

Member Account shall mean, with respect to each Member, an account administered by CMEEC to track such Member's Equity, as the same may be adjusted from time to time due to allocations, contributions, or distributions.

Member Actual Equity Level shall mean, at any time and with respect to any Member, the amount of such Member's Equity as a percentage of such Member's Member Capitalization at such time.

Member Capitalization shall mean, with respect to each Member and at any time, the sum of (i) such Member's Equity and (ii) the amount of Indebtedness allocable to such Member pursuant to the terms of the RPSC or any other instrument(s) creating any Indebtedness, at such time.

Member Target Equity Level shall mean, at any time or for any period and with respect to a given Member, a percentage determined in accordance with Section 5.3.1.

Membership Interest Level shall mean each Member's percentage of ownership of CMEEC as determined pursuant to Section 4 hereof.

MEU Contributed Equity shall mean, at any time and with respect to any Member, (i) all amounts contributed by such Member to Debt Service Coverage pursuant to CMEEC's rate covenants under the Bond Resolution, (ii) any Member's elective monetary transfers to MEU Contributed Equity, including Member elective transfers from CMEEC Margin, Rate Stabilization Fund, Trust Fund, and from direct cash contributions, and (iii) any non-elective monetary contributions of CMEEC Margin made pursuant to this Agreement.

New Member shall mean, with respect to a Member joining CMEEC following the Effective Date, the status of such Member during the period beginning with such Member's approval as a Member by the Board, and ending with such Member's achievement of one hundred percent (100%) of the applicable Member Target Equity Level. Notwithstanding anything to the contrary herein, no New Member shall be considered a Member unless and until a joinder agreement to this Agreement and an amendment to the Creating Agreement have been executed pursuant to the terms of Section 2.7.

New Member Equity Contribution as defined in Section 2.8.

Non-member/potential New Member shall mean any of Bozrah or Wallingford or any other entity which shall otherwise be eligible for membership in CMEEC, prior to satisfying the requirements of and becoming a New Member.

Non-member/potential New Member Contingent Equity shall mean the Bozrah Contingent Equity and the Wallingford Contingent Equity.

Notice is as defined in Section 14.1 mean

Notice of Good Cause is as defined in Section 10.2.1.

Notice Period is as defined in Section 10.2.1.

Officer shall mean any Person designated as an officer of CMEEC pursuant to the Bylaws.

Partially-Margin-Eligible Member shall mean, at any time, any Member who is in default of Section 3.1 of this Agreement but is not otherwise in default of any term of this Agreement at such time.

Person or Persons shall mean any individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, cooperative, unincorporated organization or government or government agency or any political subdivision thereof, including any MEU, or any other legal entity.

Potential Project Participant as defined in Section 12.3.

Power Project (Long Term Resources) as defined in the RPSC.

Power Purchaser shall mean any CMEEC counterparty to the RPSC or any other contract made by CMEEC that is substantially similar to the RPSC.

Rate 9 Full Requirements Contract Purchasers shall mean those Members or other Power Purchasers who receive their full requirements power supply from CMEEC pursuant to CMEEC Rate 9 or any replacement rates thereof.

Rate Stabilization Fund shall mean a fund established by CMEEC on behalf of an individual Member into which such Member may deposit and maintain resources to be used by CMEEC for its operations, including but not limited to use as working capital and subject to the terms set forth in Section 9.2.

RC Purchaser Event of Default as defined in the RPSC.

RPSC shall mean, collectively, those certain Replacement Power Sales Contracts by and between CMEEC and certain Power Purchasers as the same may be amended, restated or supplemented from time to time, or, if applicable, the individual RPSC by and between a Member and CMEEC.

Special Contract(s) shall mean one or more power supply arrangements entered into by CMEEC with a Member or Power Purchaser, which directly supports a structured agreement between the Member or Power Purchaser and a particular end-use customer of the Member or Power Purchaser, for the resale of the power supply.

Transmission Services as defined in the RPSC.

Trust Fund shall mean that certain Municipal Competitive Trust established by CMEEC pursuant to that certain Declaration of Trust dated March 25, 2003 (together with any amendments thereto or replacements thereof, the “Trust”), pursuant to which Members may deposit certain amounts to be used for the purposes set forth the Trust, subject to the terms set forth in Section 9.3.

Wallingford shall mean the Town of Wallingford, Connecticut, acting by and through its MEU.

Wallingford Contingent Equity shall mean that certain CMEEC Equity previously contributed by Wallingford and allocable pursuant to this Agreement.

SECTION 2. ADMISSION OF MEMBERS.

2.1 Parties are Members. Each of the Parties is a Member as of the Effective Date, and the provisions of this Section shall apply only to those Persons that seek to become Members following the Effective Date.

2.2 Statutory Compliance. In addition to the membership requirements set forth in this Agreement, any Person that desires to become a Member must comply with all provisions of Applicable Law. In the event of a conflict between this Agreement and Applicable Law, the Applicable Law shall control with respect to the conflict.

2.3 Eligibility. In order to be eligible to become a Member, a Person must:

- (a) be a validly-formed MEU pursuant to the MEU Act and/or any special act or acts of the State of Connecticut;
- (b) be a Rate 9 Full Requirements Contract Purchaser;
- (c) have a financially-solvent status or a Credit Rating sufficient to maintain CMEEC's then-existing Credit Rating and cause no adverse financial impact to CMEEC or its then-existing Members, all in the Board's sole determination;
- (d) not be in Material Default or in default of any agreement with CMEEC; and
- (e) comply with all applicable requirements of Applicable Law.

2.4 Application. To apply to become a Member, a Person must make a formal, written request for membership to the Board, with such request duly authorized by the Person's public utility commission or governing body. Such application must also include evidence in form and substance satisfactory to the Board and CMEEC, showing that all of the eligibility requirements of Section 2.3 have been satisfied. Such application shall be considered a continuing application and as such the Person submitting the application shall supplement any submitted materials as may be reasonably necessary and shall respond promptly to any requests from the Board or CMEEC for additional information.

2.5 Board Approval. Within sixty (60) days following the receipt of a written request pursuant to Section 2.4 and all additional information requested by the Board, the Board shall vote on whether to accept the Person as a Member in accordance with the applicable voting requirements specified in the Bylaws.

2.6 Nomination and Confirmation of New Member's Member Representatives to serve on the CMEEC Board of Directors. Within five (5) days following the approval of a New Member, such New Member shall submit to the Board the names of two (2) proposed Board representatives and two (2) proposed alternate Board representatives to represent the New Member on the Board. Additionally, the New Member shall designate one (1) of the two (2) proposed Board representatives to serve as the sole representative on the CMEEC Member Delegation ("Member Delegate") and the Alternate Delegate to serve in the event of the absence or unavailability of the Member Delegate. Such submitted names of the New Member's Board representatives shall be deemed appointed as the representatives of the New Member on the Board, unless a vote to confirm such appointment is expressly required and authorized under the Bylaws, in which case the Existing Members' Board representatives shall vote on whether to accept the New Member's Board representatives in accordance with the applicable voting requirements specified in the Bylaws and with votes in favor of the New Member's Board representatives not to be unreasonably withheld. The commencement of the New Member's Board representatives' assumption of duties shall run from the later of the date of receipt by CMEEC of submission of the names or, if a vote of the CMEEC Board is authorized and required under the Bylaws to confirm such appointment, following the date of the taking of an affirming vote by the Board confirming the appointment and the completion of the procedures of Section 2.7 related to the accession of the New Member to membership in CMEEC.

2.7 Additional Contractual Obligations. Upon the affirmative vote of the Board to admit a New Member, such New Member shall, within ten (10) days following the approval of such New Member (i) execute a joinder agreement to this Agreement and the Creating Agreement, with such joinder agreement being in form and substance satisfactory to the Existing Members' Board representatives and indicating the New Member's assent to each of the terms of this Agreement and the Creating Agreement, (ii) do any and all other things necessary to ensure the continued effectiveness of this Agreement and the Creating Agreement, and (iii) comply with all aspects of Applicable Law with respect to any requirements associated with becoming a Member. Without limiting the foregoing, such New Member shall in any event be deemed bound by this Agreement and the Creating Agreement, and the Board shall have the power of attorney to execute any documents necessary to join the New Member as a party to this Agreement and the Creating Agreement.

2.8 New Member Equity Contribution.

2.8.1 Amount of New Member Equity Contribution. A New Member must contribute to CMEEC certain Equity (the "New Member Equity Contribution") equal to the product of (x) the New Member's Membership Interest Level multiplied by (y) the CMEEC Capitalization existing at the time such New Member becomes a Member (after giving effect to the pertinent New Member Equity Contribution). Notwithstanding the foregoing, the Board may reduce any New Member Equity Contribution pursuant to a Board vote in accordance with the applicable voting requirements as specified in the Bylaws.

2.8.2 Payment of New Member Equity Contribution. A New Member shall (i) reach twenty percent (20%) of its New Member Equity Contribution within one (1) calendar

year of the Board approval pursuant to Section 2.5, and (ii) contribute the amount of New Member Equity Contribution remaining as of one (1) calendar year following such Board approval in evenly-distributed contributions during each of the four (4) calendar years thereafter. In any event, a New Member shall reach one hundred percent (100%) of its New Member Equity Contribution within five (5) calendar years of the Board approval pursuant to Section 2.5. The New Member Equity Contribution may be made pursuant to the terms of this Agreement pertaining to Equity contributions.

SECTION 3. ONGOING MEMBERSHIP REQUIREMENTS.

3.1 Maintenance of Member Target Equity Level. A Member's Member Actual Equity Level must be greater than or equal to its Member Target Equity Level at all times or be subject to and in compliance with an agreed schedule, approved by the Board, for achieving the required minimum level of Member Actual Equity Level, which obligation for New Members shall be subject to compliance with the schedule for contribution of the New Member Equity Contribution as provided in Section 2.8.2.

3.2 Additional Ongoing Membership Requirements. In addition to the requirement set forth in Section 3.1, a Member must:

- (a) remain a validly-formed MEU pursuant to the MEU Act and/or any special act or acts of the State of Connecticut;
- (b) maintain its status as a Rate 9 Full Requirements Contract Purchaser;
- (c) not take any action or omit to take any action which would give rise to circumstances which would adversely affect the MEU's financially-solvent status or Credit Rating so as to have an adverse incremental impact on CMEEC's then existing Credit Rating and or otherwise cause an adverse, incremental financial impact on CMEEC or the other Members, all in the Board's sole determination;
- (d) not be in Material Default or in default of any agreement with CMEEC; and
- (e) comply with all applicable requirements of Applicable Law.

SECTION 4. MEMBERSHIP INTEREST LEVEL.

4.1 Annual Calculation of Membership Interest Level. Each Member's Membership Interest Level as of the Effective Date and continuing throughout the 2013 calendar year and as calculated as of the Effective Date for the 2014 calendar year is set forth on Schedule A. For all subsequent years beginning with the 2015 calendar year, each Member shall annually be assigned a Membership Interest Level equal to the ratio of (x) such Member's five (5) year rolling average Load, inclusive of Special Contracts, over (y) the aggregate total five (5) year rolling average Load of all Members, inclusive of Special Contracts. Each Membership Interest Level shall be calculated by the Board not later than July 1 of each year, beginning in 2014, using the five (5) year rolling average Load from the previous five (5) years, and shall apply to

the year following its calculation. For example, on or before July 1, 2014, the Membership Interest Levels shall be calculated using the five (5) year rolling average Load during the time period from July 1, 2009 to June 30, 2014, with such Membership Interest Levels applying during the 2015 calendar year.

4.2 Calculation When Member Joins, Withdraws, or is Expelled. Notwithstanding the provisions of Section 4.1, in the event that a Member joins, withdraws, or is expelled from CMEEC, each Member's Membership Interest Level shall be recalculated by the Board as of the date of such joinder, withdrawal, or expulsion. In such an event, each Member's Membership Interest Level shall be recalculated based upon the ratio of (x) such Member's five (5) year rolling average Load, inclusive of Special Contracts, during the time period utilized in the then-most recent calculation made pursuant to Section 4.1, over (y) the aggregate total five (5) year rolling average Load of all Members (including any joined Members and excluding any withdrawn or expelled Members), inclusive of Special Contracts, during the time period utilized in the then-most recent calculation made pursuant to Section 4.1. Any Membership Interest Levels calculated pursuant to this Section 4.2 shall take effect immediately upon such calculation and shall remain effective until the next annual calculation pursuant to Section 4.1 shall become effective. In the event that a New Member was not a Power Purchaser at the time such Person became a Member, then such New Member's Load shall be determined in the same manner that CMEEC determines Load for Power Purchasers.

SECTION 5. EQUITY.

5.1 Accounting for Equity. CMEEC shall internally maintain a Member Account for each Member in which the amount of such Member's Equity is set forth and adjusted from time to time pursuant to the terms of this Agreement. Each Member Account shall track such Member's Equity, and shall set forth such Member's Member Actual Equity Level and Member Target Equity Level. The balance of each Member Account shall be made available through normal reporting periods or to any Member upon request.

5.2 Allocation of Equity.

5.2.1 Initial Allocation of Equity. As of the Effective Date, each Member's Equity shall be in the amounts set forth on Schedule B attached hereto and hereby made a part hereof, and each Member's Member Account shall, as of the Effective Date, reflect the amounts of Equity set forth on Schedule B and be subject to adjustment in accordance with the terms of this Agreement.

5.2.2 MEU Contributed Equity. When a Member contributes to CMEEC any MEU Contributed Equity, that Member's Member Account shall be adjusted to reflect such contribution.

5.2.3 Common Equity. The allocation of Common Equity obtained by CMEEC prior to the Effective Date is reflected in Schedule B. Common Equity obtained by CMEEC following the Effective Date shall be allocated as follows.

5.2.3.1 Allocation in First Year Following Effective Date. On or about February 15 in the year first following the Effective Date, CMEEC shall allocate all Common Equity obtained between the Effective Date and the end of the previous calendar year to each Member by multiplying the total amount of such Common Equity by a given Member's Membership Interest Level and adjusting such Member's Member Account accordingly.

5.2.3.2 Allocation Beginning With Second Year Following Effective Date. On or about February 15 of each year beginning in the second year following the Effective Date, CMEEC shall allocate all Common Equity obtained in the previous calendar year to each Member by multiplying the total amount of such Common Equity by a given Member's Membership Interest Level and adjusting such Member's Member Account accordingly.

5.2.3.3 Re-Allocation of Common Equity. Once allocated to a Member, the Common Equity assigned to such Member's Member Account shall not be re-allocated to other Members unless and until such Common Equity is forfeited by such Member pursuant to the terms of this Agreement.

5.2.4 Non-member/potential New Member Contingent Equity. If any one or more Non-member/potential New Members shall become a Member within such time period as determined by the Board, then the Non-member/potential New Member Contingent Equity applicable to such Non-member/potential New Members shall be applied, upon such Non-member/potential New Member's satisfying the requirements for establishing membership in CMEEC, to such Non-Member/potential New Member's Member Account as its MEU Contributed Equity. If the Non-Member/potential New Member does not become a Member within such time period as determined by the Board, then the Non-member/potential New Member Contingent Equity shall become Common Equity upon the expiration of such time period determined by the Board and shall thereafter be available for allocation and distribution to the Members as otherwise provided herein.

5.3 Target Equity Levels.

5.3.1 Member Target Equity Level. At any time, each Member's Member Target Equity Level shall be (i) equal, and (ii) sufficient to achieve the then-effective CMEEC Target Equity Level. An example illustrating the calculation of Member Target Equity Level is set forth on Schedule C.

5.3.2 CMEEC Target Equity Level. As of the Effective Date, the CMEEC Target Equity Level shall be twenty percent (20%) of CMEEC Capitalization. The Board may adjust the CMEEC Target Equity Level by a Board vote, in accordance with the applicable voting requirements specified in the Bylaws, at any time the Board deems necessary. In adjusting the CMEEC Target Equity Level, the Board shall base its decision in part upon prudent fiscal policy and standards with respect to CMEEC's Credit Rating then in effect.

5.3.3 Remedies for Deficient CMEEC Target Equity Level. In the event that the CMEEC Actual Equity Level is less than the CMEEC Target Equity Level at any time, the Board shall, in accordance with the applicable voting requirements specified in the Bylaws, incorporate any and all corrective measures that the Board in its reasonable discretion deems necessary to meet the CMEEC Target Equity Level, including a defined time-based schedule for all Members whose Member Actual Equity Level is deficient to resolve such deficiencies.

5.4 No Elective Withdrawal of Equity. A Member may not withdraw its Equity on an elective basis. Equity shall only be distributed to a Member when (i) the Board declares a distribution in accordance with Section 7, or (ii) the Member's membership is terminated in accordance with this Agreement and this Agreement provides for the distribution of Equity to the Member.

SECTION 6. CMEEC MARGIN.

6.1 Allocation and Disbursement of CMEEC Margin Generally. All CMEEC Margin received in a given month shall be allocated and/or disbursed on the first day of the next calendar month, pursuant to this Section 6. Notwithstanding anything to the contrary contained herein, on the first day of the first calendar month following the Effective Date, all then-unallocated CMEEC Margin shall be allocated and/or disbursed pursuant to this Section 6.

6.2 Disbursement of CMEEC Margin Allocable to Margin-Eligible Members. Each Margin-Eligible Member as of the date of any allocation and/or disbursement of CMEEC Margin shall receive disbursement of the then-unallocated CMEEC Margin pursuant to such Margin-Eligible Member's Membership Interest Level. CMEEC Margin allocated pursuant to this Section 6.2 shall be disbursed into each Margin-Eligible Member's Rate Stabilization Fund unless otherwise directed by such Margin-Eligible Member.

6.3 Allocation of CMEEC Margin Allocable to Partially-Margin-Eligible Members. Each Partially-Margin-Eligible Member as of the date of any allocation of CMEEC Margin shall receive an allocation of the then-unallocated CMEEC Margin pursuant to such Partially-Margin-Eligible Member's Membership Interest Level. CMEEC Margin allocated pursuant to this Section 6.3 shall be applied to each Partially-Margin-Eligible Member's Member Account as MEU Contributed Equity.

6.4 Allocation of CMEEC Margin With Respect to Margin-Ineligible Members. Each Margin-Ineligible Member as of the date of any allocation of CMEEC Margin shall not receive any allocation of CMEEC Margin, and the amount of CMEEC Margin that would have been allocable to such Margin-Ineligible Member if such Member had been a Margin-Eligible Member or a Partially-Margin-Eligible Member shall become Common Equity.

SECTION 7. DISTRIBUTIONS.

7.1 Distribution Declarations. On an annual basis, within sixty (60) days after receipt by the Board of CMEEC's annual audited financial statements, and if the CMEEC Actual Equity Level

exceeds the CMEEC Target Equity Level (with the dollar amount of such excess referred to herein as “Distribution-Eligible Equity”), the Board may, in accordance with the applicable voting requirements specified in the Bylaws, declare a distribution to be paid to the Distribution-Eligible Members in accordance with Section 7.4.

7.2 Distribution Allocation. In the event that the Board declares a distribution, the amount of funds eligible for such distribution shall be the Distribution-Eligible Equity. The Board may allocate all or a portion of the Distribution-Eligible Equity to be paid to eligible Members as distributions (the “Distribution-Allocated Equity”) in accordance with the voting requirements set forth in the Bylaws.

7.3 Distribution Eligibility. Only those Members whose Member Actual Equity Level is greater than their Member Target Equity Level and whose proportional share of the Distribution-Allocated Equity is not required to maintain the CMEEC Target Equity Level at the time a distribution is declared shall be eligible to receive such distributions (the “Distribution-Eligible Members”).

7.4 Distribution Assignment. The Distribution-Allocated Equity shall be allocated to a Distribution-Eligible Member in an amount determined a Board vote, in accordance with the applicable voting requirements specified in the Bylaws, not to exceed the dollar amount of such Distribution-Eligible Member’s excess of Member Actual Equity Level over such Distribution-Eligible Member’s Member Target Equity Level. For example, if at a given time there were three Members, and two Distribution-Eligible Members were each \$2 over their Member Target Equity Level and another Member was \$2 below its Member Target Equity Level, then the Distribution-Eligible Equity would be \$2, and assuming the Board designated all Distribution-Eligible Equity as Distribution-Allocated Equity, the two Distribution-Eligible Members would each be allocated a distribution of \$1.

7.5 Use of Distributions. Each Member to which a distribution is allocated may elect to (i) apply such distribution to its MEU Contributed Equity, (ii) apply such distribution as a credit towards any invoice outstanding from CMEEC to the Member with respect to the Member’s status as a Power Purchaser, (iii) take such distribution as a direct cash payment, (iv) apply such distribution to the Member’s Rate Stabilization Fund, or (v) apply such distribution to such Member’s allocable portion of the Trust Fund.

SECTION 8. BUDGETS.

8.1 Annual Budget Approval. On or before December 1 of each year, the Board shall vote in accordance with the voting requirements set forth in the Bylaws to approve a budget covering CMEEC’s operating expenses and CMEEC’s capital expenses for the following calendar year. Any budget approved pursuant to this Section 8.1, as the same may be amended, shall be an “Approved Budget”.

8.2 Monthly Budget Reporting. On no less frequent than a quarterly basis, an Officer shall submit a report to the Board setting forth (i) CMEEC’s actual operating expenses versus CMEEC’s operating expenses as set forth in the Approved Budget then in effect, and (ii)

CMEEC's actual capital expenses versus CMEEC's budgeted capital expenses as set forth in the Approved Budget then in effect.

8.3 Authority of CMEEC Officers. When the Board approves an Approved Budget, unless otherwise stated in such Approved Budget and subject to the requirements of Section 8.4 below, the approval shall authorize Officers, including CMEEC's Chief Executive Officer and any other Officer that the Chief Executive Officer may designate, to execute and administer the Approved Budget within such Officers' reasonable discretion, without further Board approval, including performing the following actions:

- (a) Changing the use of approved resources within the Approved Budget based upon operational needs and conditions;
- (b) Executing special purpose instruments, including obtaining lines of credit;
- (c) Entering into contracts for financial products evidenced by documents produced by the International Swaps and Derivatives Association ("ISDA") or substantially equivalent thereto, or other similar standards, subject to applicable requirements of the Bond Resolution, if any;
- (d) The acquisition, financing, sale, or divestiture of any of CMEEC's fixed assets, except for the disposition, financing or sale of such assets which constitute Existing Power Projects prior to their termination or entering into, financing, or disposing of fixed assets comprising an Additional Power Project and requiring the establishment of Entitlement Allocations among the participants in such Additional Power Projects; and
- (e) Administering the working capital and liquidity requirements determined by the CMEEC Chief Financial Officer and included in the Approved Budget.

8.4 Additional Board Approvals. Actions taken by Officers in administering an Approved Budget shall only require additional Board approval if (i) the need for additional approval is expressly stated in such Approved Budget, (ii) the Officers' actions would cause expenditures, with respect to items other than the procurement of Electric Products and Transmission Services, to exceed the Approved Budget by more than ten percent (10%), or (iii) as otherwise provided in the RPSC or the Bond Resolution or Applicable Law.

SECTION 9. MEMBER FUNDS.

9.1 Member Funds Generally. CMEEC shall maintain a Rate Stabilization Fund for each Member into which each Member may deposit and maintain funds. CMEEC shall also maintain the Trust Fund, into which each Member may deposit and maintain funds. CMEEC shall manage or cause to be managed all amounts held within the Rate Stabilization Funds and the Trust Fund in the same manner that it manages its own funds, unless otherwise directed by the Member, and generally in a manner that optimizes the financial performance of each fund but does not unreasonably place the principal balance of such fund at risk.

9.2 Rate Stabilization Fund.

9.2.1 Contributions to Rate Stabilization Fund. Members may deposit funds into their Rate Stabilization Fund for the purpose of actively managing retail rates. In addition to any funds that a Member may elect to contribute to its Rate Stabilization Fund, all CMEEC Margin allocable to any Margin-Eligible Member shall be deposited into the Member's Rate Stabilization Fund unless otherwise directed by the Member.

9.2.2 Uses of Rate Stabilization Fund. Each Member, in such Member's sole discretion, may direct CMEEC in writing at any time to apply any portion of the balance of such Member's Rate Stabilization Fund against the wholesale cost of the Electric Products that may be supplied by CMEEC to the Member as a Power Purchaser. Such application shall be a tool available to the Member as a Power Purchaser to actively manage the rates that the Member's affiliated MEU can charge to its retail customers. A Member may apply any amounts in such Member's Rate Stabilization Fund for such purpose; provided that at no point such Rate Stabilization Fund shall have a negative balance.

9.3 Trust Fund.

9.3.1 Contributions to Trust Fund. Members may deposit funds into their allocable portion of the Trust Fund at any time and from any available and otherwise-permissible funding source.

9.3.2 Uses of Trust Fund. The application of any portion of the balance of any Member's Trust Fund shall be made pursuant to the terms of the Trust. Uses of any portion of the Trust Fund, subject in all cases to conformity with the terms of the Trust, shall be at the discretion of the Board and shall be subject to a vote of the Board pursuant to the voting requirements set forth in the Bylaws. The Board may initiate a proposed use of the Trust Fund, or a Member may make a request to the Board to allocate certain amounts of such Member's Trust Fund for a permissible use, but in any event the use of the Trust Fund shall remain subject to the terms of the Trust and otherwise, so long as consistent with the terms of the Trust, at the discretion of the Board, and the use of any portion of the Trust Fund shall be limited to the purposes set forth in the Trust.

SECTION 10. TERMINATION OF MEMBERSHIP; DISSOLUTION.

10.1 Voluntary Withdrawal.

10.1.1 Ability to Withdraw; Forfeiture of Equity. Any Member may unilaterally withdraw from CMEEC at any time without the consent of CMEEC or the other Members, however, such withdrawing Member's Equity shall only be returned to the Member if the conditions of Section 10.1.2 are met. In the event that a Member shall withdraw and not comply with Section 10.1.2, such Member's Equity shall become Common Equity and shall be distributed to the non-withdrawing Members' Member

Accounts pursuant to each non-withdrawing Member's Membership Interest Level as the same shall be calculated exclusive of the withdrawing Member.

10.1.2 Eligibility for Withdrawing Member to Retain Equity. A withdrawing Member shall be paid its Equity following withdrawal, subject to the payment schedule set forth in Section 10.1.3, only if all of the following conditions are met as of the date of the withdrawing member's withdrawal:

- (a) The withdrawing Member provides the Board with at least two (2) years' written notice of withdrawal;
- (b) There is no remaining Indebtedness allocable to the withdrawing Member pursuant to the terms of the instrument(s) creating such Indebtedness or the Member has otherwise deposited such funds in a trust account or has provided other suitable security so as to fully satisfy the repayment of such allocable Indebtedness;
- (c) The withdrawing Member is not in default of any obligation to CMEEC under the RPSC, the GTSA or any other contractual obligation incurred by CMEEC on behalf of the withdrawing Member and properly allocable to the withdrawing Member,
- (d) The withdrawing Member continues to cooperate with CMEEC in the provision of any accounting information or other documentation required by CMEEC with respect to its on-going financial reporting and business operations and does not otherwise possess a positive balance with respect to any obligation due to CMEEC; and
- (e) The withdrawing Member has maintained at least seven (7) years of continuous membership in CMEEC prior to the date of withdrawal.

10.1.3 Payment of Withdrawing Member's Equity. In the event that a withdrawing Member is eligible to receive any of the Member's Equity at the time of such Member's withdrawal, the amount of Equity paid shall be equal to the balance of such Member's Member Account on the day the written withdrawal notice was made, subject to the following conditions:

- (a) The withdrawing Member's Equity, plus any interest earned by CMEEC on such funds prior to repayment to the withdrawing Member, shall be paid over a five (5) year period, in equal annual payments consisting of twenty percent (20%) of the balance of such Member's Member Account on the day the written notice of withdrawal was made, plus interest earned on such funds during the period following the day of such notice, with the first such payment due and payable on the day the notice of withdrawal

becomes effective and each subsequent payment due and payable thereafter on the anniversary of the withdrawal; and

- (b) In the event that any of the eligibility conditions set forth in Section 10.1.2 are no longer satisfied at any point following the withdrawing Member's withdrawal, no payments pursuant to this Section 10.1.3 shall be made unless and until such eligibility conditions are restored. Following transmittal of notice by CMEEC to the withdrawing Member of the failure to satisfy one or more of the eligibility conditions of Section 10.1.2 (the "Section 10.1.3(b) Notice") and the failure of the withdrawing Member to cure such failure within thirty (30) days of such notice (the "Section 10.1.3 Cure Period"), the withdrawing Member shall, subject to the provision of this section, forfeit its right to any payment due and payable under Section 10.1.3(a) on and following the date of the Section 10.1.3 Notice, as extended by the Section 10.1.3. Cure Period in the event the failure is cured within such Section 10.1.3 Cure Period and the amount of such payment shall be distributed to the non-withdrawing Members' Member Accounts on a pro rata basis pursuant to each non-withdrawing Member's Membership Interest Level as the same shall be calculated exclusive of the withdrawing Member. The withdrawing Member may apply amounts otherwise due it as a payment under Section 10.1.3(a) to any cure of its failure to satisfy the eligibility conditions of Section 10.1.2.

10.2 Involuntary Withdrawal.

10.2.1.1. Reasons for Involuntary Withdrawal. For good cause (as further specified herein, "Good Cause"), any Member may be involuntarily withdrawn from membership in CMEEC by a vote of the Board pursuant to the voting requirements set forth in the Bylaws. The reasons for involuntary withdrawal for good cause include the following:

- (a) Failure to comply with any of the ongoing membership requirements set forth in Section 3;
- (b) A default of any of the Member's financial obligations to CMEEC;
- (c) Sustained and chronic obstructionist behavior that does not in any way further the interests of CMEEC;
- (d) Violating any fiduciary duty that may be owed by the Member to CMEEC.

10.2.1.2. Procedure for Involuntary Withdrawal. Prior to the taking of a vote to effect the involuntary withdrawal of a Member as provided in Section 10.2.1, CMEEC, following direction to do so by vote of the Board pursuant to the voting requirements set forth in the Bylaws, shall cause to issue a notice (the "Notice of Good Cause") to the Member governing body, potentially subject to involuntary withdrawal, which shall state the reasons involuntary withdrawal of the Member no less than forty-five (45) days in

advance of the proposed effective date of such involuntary withdrawal which shall also be stated in the notice (the "Notice Period"), absent extraordinary circumstances in which the Member's actions or omissions give rise to material adverse consequences on CMEEC or any of the other Members ("Extraordinary Circumstances"). Absent Extraordinary Circumstances, the Member receiving such notice shall have thirty (30) days following the receipt of the Notice of Good Cause to cure the circumstances as identified in the Notice of Good Cause and giving rise to Good Cause and/or transmit a written response to the Board disputing the matters raised in the Notice of Good Cause and the finding that Good Cause has been established. Following the expiration of the Notice Period, CMEEC by a vote of the Board pursuant to the voting requirements set forth in the Bylaws may thereafter (i) proceed to make effective the Involuntary Withdrawal of the Member consistent with the effective date specified in the Notice of Good Cause or such later date as the Board shall specify, with notice to the Member subject to involuntary withdrawal, or (ii) in the event of cure of the circumstances giving rise to Good Cause prior to the end of the Notice Period, terminate the procedures for involuntary withdrawal as provided under this Section 10.2. Notwithstanding the foregoing, in the event of Extraordinary Circumstances, CMEEC, following an authorizing vote of the Board as provided in the Bylaws, and the transmittal of notice of the Extraordinary Circumstances to the Member subject to involuntary withdrawal, may proceed immediately to make effective the involuntary withdrawal of the affected Member, without the requirement for the passing of the Notice Period, following the provision of notice to the affected Member of such authorizing vote.

10.2.2 Effect of Involuntary Withdrawal. In the event that a Member is involuntarily withdrawn, such Member shall cease to be a Member, effective immediately upon the Board vote authorizing such withdrawal as of the date set forth in the applicable notice to the affected Member as set forth in Section 10.2.1. Thereafter, the remaining Members may apply the withdrawn Member's Equity towards the satisfaction of any of the withdrawn Member's obligations to CMEEC or any obligations with respect to the withdrawn Member's share of any Indebtedness. In the event that any excess of the withdrawn Member's Equity exists after the satisfaction of such obligations, and the requirements of Section 10.1.2.1 are satisfied, exclusive of the requirements of Section 10.1.2(a), the remaining amount of the withdrawn Member's Equity shall be paid over a ten (10) year period, in equal annual payments consisting of ten percent (10%) of the balance of such Member's Member Account following the satisfaction of such obligations, with the first such payment due and payable one (1) year following the day the withdrawal becomes effective and each subsequent payment due and payable thereafter on the anniversary of the withdrawal.

10.3 Cessation of Member Benefits During Voluntary and Involuntary Withdrawal. Upon (i) a Member's notice of voluntary withdrawal, or (ii) an affirmative Board vote for involuntary withdrawal and completion of the procedures in Section 10.2 to make effective such involuntary withdrawal, the withdrawing Member shall thereafter cease to receive any allocation or assignment of Common Equity, MEU Contributed Equity, CMEEC Margin, or any other benefits exclusively intended for active Members as solely determined by the Board.

10.4 Dissolution. In the event that CMEEC is dissolved pursuant to the Cooperative Act, the Members agree to satisfy all Indebtedness and other financial obligations to non-Members, and to distribute remaining Equity and other funds held by CMEEC as set forth below and utilizing the information provided to the Members in the format of Schedule D which the Members shall cause CMEEC to transmit to the Members no later than sixty (60) days prior to the proposed date that such dissolution is intended to become effective.

(a) A Member's contribution or distribution shall be calculated as the sum of an individual Member's Equity plus Rate Stabilization Funds plus Trust Funds plus other funds held by CMEEC for the benefit of the Member, if any, minus the Indebtedness attributable to the Member. If the sum of the equation is positive, then the positive balance shall be distributed to the Member after the Indebtedness attributed to the Member is contributed to the satisfaction of CMEEC Indebtedness and other financial obligations. If the sum of the equation is negative, then the Member shall contribute the funds due toward payment of CMEEC's Indebtedness and other financial obligations.

(b) After a Member's contribution or distribution has been calculated as set forth above and sufficient funds have been set aside to satisfy CMEEC's Indebtedness and other financial obligations, then the remaining funds and assets of CMEEC, if any, shall be distributed to each Member pursuant to the Membership Interest Level.

In any event, notwithstanding any of the terms of this Agreement to the contrary, such distributions following dissolution shall occur pursuant to Applicable Law.

SECTION 11. GOVERNANCE MATTERS.

11.1 Bylaws. The Members shall maintain and amend from time to time the Bylaws and shall comply with the provisions of Section 14.12 with respect thereto.

11.2 Compensation of Board Members. Board members who are not also employees of a Member's MEU shall be paid a nominal amount as determined from time to time by Board vote in accordance with the voting requirements set forth in the Bylaws. In the event that a Board member is an employee of a Member's MEU, the amount which would have been paid to such Board member had he or she not been an employee of a Member's MEU will be paid to the applicable Member's Rate Stabilization Fund or as directed by the MEU. Any direct expenses incurred by Board members in conducting CMEEC business shall be reimbursed by CMEEC in coordination with CMEEC's chief executive officer.

11.3. Notwithstanding anything herein to the contrary, no Member may participate and vote through its representatives in any decisions to be made by CMEEC or the Board in the administration, performance, and/or enforcement of the RPSC and/or the GTSA as and to the extent provided under the Act, the Membership Agreement, and the duly adopted By-laws and policies of CMEEC, if there is then in effect a RC Purchaser Event of Default pursuant to the RPSC to which the Member is a party or a Contract Party Transmission Purchaser Event of Default pursuant to the GTSA to which the Member is a party and caused by the failure of performance by such Member of its obligations under its GTSA.

SECTION 12. MEMBER PARTICIPATION IN ADDITIONAL POWER PROJECTS.

12.1 Members' Rights to Participate. The Members shall have the right to participate in the Entitlement Allocation of any Additional Power Projects, in the manner set forth in this Section 12, before CMEEC may extend such an offer to participate to any Person that is not a Member.

12.2 Process for Allocating Entitlement Allocation of Additional Power Projects. Members shall be entitled to participate in the Entitlement Allocation of Additional Power Projects, or may decline to so participate, in accordance with the three-step process set forth in this Section 12.2. In the event that the Entitlement Allocation of an Additional Power Project is not fully subscribed following the process set forth herein, such Additional Power Project shall not be further developed or pursued.

12.2.1 Initial Offer of Entitlement Allocation. CMEEC shall offer each Member an Entitlement Allocation in the amount of each Member's respective Membership Interest Level.

12.2.2 Subsequent Offers of Entitlement Allocation to Members. In the event that one hundred percent (100%) of an Additional Power Project's Entitlement Allocation is not subscribed following the offer made pursuant to Section 12.2.1, then the unsubscribed portion of the Entitlement Allocation shall be offered to the Members in the amount of each Member's respective Membership Interest Level. Additional offers shall continue to be made pursuant to this Section 12.2.2 until such time as (i) the Entitlement Allocation is fully subscribed, or (ii) no Members desire additional Entitlement Allocation.

12.2.3 Offers of Entitlement Allocation to Non-Members. In the event that an Entitlement Allocation is not fully subscribed and no Members desire additional Entitlement Allocation, then the unsubscribed portion of the Entitlement Allocation shall be offered to all Power Purchasers who are not Members pursuant to the terms of the RPSC, with the process set forth in the RPSC continuing until such time as the Entitlement Allocation is fully subscribed.

12.3 Conditions to Participation in Entitlement Allocation of Additional Power Projects. To ensure non-adverse impact to other Members and Power Purchasers who are not Members, participation by a Person (a "Potential Project Participant") in the Entitlement Allocation of Additional Power Projects is subject to the following conditions:

- (a) CMEEC shall obtain an opinion of legal counsel of national standing selected by CMEEC which states that the Federal Tax Exemption will not be adversely affected by the acquisition of Entitlement Allocation by the Potential Project Participant;
- (b) The Potential Project Participant shall obtain an opinion, in form and substance satisfactory to CMEEC in CMEEC's reasonable discretion, from a nationally-

recognized credit rating agency that the Potential Project Participant's acquisition of Entitlement Allocation will not adversely affect the Credit Rating of any then-outstanding Bonds.

- (c) The Potential Project Participant shall be legally authorized and permitted to acquire the subject Entitlement Allocation in the Additional Power Project; and
- (d) The Potential Project Participant shall enter into such agreements with CMEEC as are reasonably required or appropriate to legally obligate the Potential Project Participant to pay for the Fixed Costs associated with the subject Entitlement Allocation.

SECTION 13. DISPUTE RESOLUTION.

13.1 General Dispute Resolution. In the event that any of the Parties become involved in a dispute or controversy with respect to any issue within the subject matter of this Agreement, the disputing Parties shall attempt in good faith, within thirty (30) days following the existence of such dispute, to promptly resolve such dispute or controversy within the ordinary course of business. If such dispute or controversy cannot be so resolved, then the Parties shall attempt to resolve the dispute or controversy pursuant to Section 13.2. If the provisions of Section 13.2 do not result in a resolution of the dispute or controversy, then Section 13.3 or Section 13.4, as applicable, shall become effective.

13.2 Negotiation Between Executives. If a dispute is not resolved in the ordinary course of business pursuant to Section 13.1, then one of the disputing Parties shall initiate a meeting of the executives of the disputing Parties by giving the other Party or Parties written notice of any such dispute. Such notice (the "Dispute Notice") shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other person who will accompany the executive. Within fifteen (15) days after delivery of the Dispute Notice, each receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the Dispute Notice, the designated executives of all involved Parties shall meet at a mutually acceptable time and place, and thereafter, as often as they reasonably deem necessary, to attempt to resolve the dispute in good faith. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Section 13.2 shall be confidential and shall be treated as compromise and settlement negotiations for purposes of law and rules of evidence.

13.3 Arbitration.

13.3.1 Arbitration Required for Certain Issues. If (i) efforts to resolve the dispute pursuant to Section 13.2 are unsuccessful and (ii) the nature of the dispute is within one of the categories set forth below, then the dispute shall be resolved by binding arbitration

pursuant to Section 13.3.2. The following disputes shall be resolved by binding arbitration:

- (a) Any dispute regarding Load or Membership Interest Level;
- (b) Any dispute regarding Equity, Member Target Equity Level, CMEEC Equity, or CMEEC Target Equity Level; or
- (c) Any dispute which all disputing Parties agree in writing to resolve through arbitration.

13.3.2 Administration of Arbitration. Within thirty (30) days after failure of the process set forth in Section 13.2, any disputing Party may submit a disputed matter within the scope of Section 13.3.1 to binding arbitration before an arbitrator selected by the disputing Parties or, if the disputing Parties are unable to agree on such selection, selected first from a list of qualified persons, prepared by the AAA and circulated in advance among the disputing Parties, and CMEEC, whether or not CMEEC is a disputing Party, from those persons identified on the list who are not objected to by any of the disputing Parties, or, in the absence of any such non-objection, a suitably qualified person as otherwise selected by the AAA. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, inclusive, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut. With respect to any arbitration initiated under this Agreement, each Party expressly waives and foregoes any right to have the arbitrator award indirect, incidental, consequential, special, exemplary, punitive, or similar damages, except to the extent Applicable Law requires that compensatory damages be increased in a specified manner. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of the costs. Each Party shall be responsible for its own expenses, including attorneys' fees, unless otherwise ordered by the arbitration award. All involved Parties shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties and/or may allow the Parties the opportunity to perform discovery. The disputing Parties may agree in writing to defer any arbitration proceeding, without prejudice to any Party, pending the resolution of a particular dispute. CMEEC shall be deemed a necessary Party in any such dispute.

13.4 Resolution of Matters Not Requiring Arbitration. If (i) efforts to resolve the dispute pursuant to Section 13.2 are unsuccessful and (ii) the nature of the dispute is not within one of the categories set forth in Section 13.3.1, then the disputing Parties shall have the right to pursue any and all rights, powers, and remedies, at law or in equity, to which such Parties may be entitled. In the event that a dispute between Parties arising under this Agreement requires adjudication in a court of law or equity, the Party or Parties that prevail in such adjudication shall be entitled to recover all reasonable fees, costs, and expenses, including legal fees, associated with such adjudication.

SECTION 14. MISCELLANEOUS.

14.1 Notice. Any notice, demand, approval, proposal, protest, direction, or request provided for in this Agreement to be delivered, given, or made to the Board or to CMEEC (a "Notice") shall be deemed delivered, given or made if delivered in writing, in person or sent by mail, as above provided to the following address:

Chief Executive Officer
Connecticut Municipal Electric Energy Cooperative
30 Stott Avenue
Norwich, Connecticut 06360-1526
Phone: (860) 889-4088
Telecopy: (860) 889-8158

Any Notice to a Member shall be deemed delivered, given, or made if delivered in writing, in person or sent by mail as provided herein to the address of such Member with a copy to the general manager and/or chief executive of the MEU as currently on file with CMEEC. A Member may change such address for the giving of a Notice, with prospective effect, by providing Notice of such change to CMEEC in address as provided in this Section 14. CMEEC shall promptly provide Notice to each of the Members of the address, or change thereof, for the giving of Notice hereunder to each of the Members.

Unless specifically otherwise required by the terms of this Agreement, any notice required to be given pursuant to any provision of this Agreement may be given by any form of electronic transmission that is capable of producing a written record, including telecopy transmissions, provided that the deliverer of any such notice given by electronic transmission shall verify receipt of such notice promptly upon the transmission thereof and such notice shall not be deemed duly given unless full and legible receipt thereof has been verified by the recipient of such notice.

14.2 Governing Law. This Agreement is made under and shall be governed by the laws of the State of Connecticut and without reference to any conflict or choice of law principles or other law, which would result in the law of another jurisdiction being employed to interpret or enforce the provisions of this Agreement. In the event disputes arise under this Agreement, the venue of any resulting arbitration or litigation, as applicable, shall be located within the State of Connecticut.

14.3 Severability. If any section, paragraph, clause or provision of this Agreement is declared illegal or no longer in force by reason of any judgment or order issued by a court or regulatory body of competent jurisdiction, with respect to any violation of Applicable Law, then the remainder of this Agreement shall be unaffected by such judgment or order and all of the remaining provisions of this Agreement shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated or ordered illegal or no longer in force had not been included herein.

14.4 Construction. The captions or headings in this Agreement are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Agreement. The words “herein”, “hereof” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, or Subsection. The words “include” and “including” shall be deemed to be followed by the words “without limitation”.

14.5 Amendments and Waivers. This Agreement may only be amended or modified in a written document signed by all Members. The failure of any party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such Party with respect thereto shall continue in full force and effect.

14.6 Interpretation. Should any provision of this Agreement require judicial interpretation or interpretation by an arbitrator having jurisdiction over a dispute arising hereunder, it is agreed that the court or arbitrator interpreting or construing this Agreement shall not construe it against one Party more strictly by reason of the rule of construction that a document is to be construed more strictly against the Party who itself or through its agent or counsel prepared such document, it being agreed that the agents and counsel of all Parties have participated in the preparation of this Agreement, and that all Parties were afforded adequate opportunity to consult legal counsel prior to execution of this Agreement.

14.7 Joint Preparation. Each Party to this Agreement (a) has participated in the preparation of this Agreement; (b) has read and understands this Agreement; and (c) has been represented by counsel of its own choice in the negotiation and preparation of this Agreement. Each party represents that this Agreement is executed voluntarily and should not be construed against any Party hereto solely because it drafted all or a portion hereof.

14.8 Further Assurances. Each Party agrees to execute, to deliver such other and further instruments, and to take such other actions as are reasonably necessary to effectuate the provisions of this Agreement.

14.9 References to CMEEC. Where there is a reference to a determination or decision by CMEEC in this Agreement such reference, unless otherwise expressly provided herein, shall mean an action by the Board made in accordance with the Cooperative Act, this Agreement, and CMEEC’s governance procedures and may, if authorized by the Board or otherwise in accordance with this Agreement, include delegation of the making of the determination or decision to a designated officer of CMEEC.

14.10 Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

14.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and to their successors and permitted assigns.

14.12 Conformance of Bylaws. To the extent that any provision of the Bylaws may be inconsistent with any provision of this Agreement, the Members hereby agree to amend the Bylaws so that the Bylaws shall conform in all material respects with the provisions of this Agreement. To the extent of any inconsistency between the terms of this Agreement and the Creating Agreement or the RPSC, the Creating Agreement and the RPSC, to the extent expressly provided in the RPSC, respectively, shall control.

14.13. CMEEC Right to enforce the Agreement; No Additional Third-party Beneficiary Rights. CMEEC may enforce the rights set forth in this Agreement, including the prosecution of matters subject to dispute resolution in Section 13 of this Agreement on behalf of the Members, following the provision of written notice by CMEEC to each of the Members. Other than, as provided in the prior sentence, this Agreement shall not be construed to give rise to or be deemed to give rise to any third-party beneficiary rights in any entity other than CMEEC.

[Signature Page Follows; Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the Parties, as all of the Members of CMEEC as of the Effective Date, have caused this Agreement to be duly executed as of the Effective Date.

CITY OF NORWICH, CONNECTICUT

By: _____
Name:
Title:

CITY OF GROTON, CONNECTICUT

By: _____
Name:
Title:

BOROUGH OF JEWETT CITY, CONNECTICUT

By: _____
Name:
Title:

SECOND TAXING DISTRICT OF THE CITY OF
NORWALK, CONNECTICUT

By: _____
Name:
Title:

THIRD TAXING DISTRICT OF THE CITY OF
NORWALK, CONNECTICUT

By: _____
Name:
Title:

SCHEDULE A

[Membership Interest Levels for 2013 and 2014 calendar years]

Membership Interest Levels					
	<u>Groton</u>	<u>Norwich</u>	<u>South Norwalk</u>	<u>East Norwalk</u>	<u>Jewett City</u>
2013	51.354%	31.864%	8.583%	6.198%	2.001%
2014	49.26%	32.83%	9.48%	6.09%	2.34%

SCHEDULE B

[Initial Allocation of Equity]

Member and Prospective Member Equity Levels As of 1/1/2013								
	<u>Total</u>	<u>Groton</u>	<u>Norwich</u>	<u>South Norwalk</u>	<u>East Norwalk</u>	<u>Jewett City</u>	<u>Contingent MEU #1</u>	<u>Contingent MEU #2</u>
MEU Contributed Equity	\$ 1,415,003	\$ 501,111	\$ 316,584	\$ 85,475	\$ 59,439	\$ 20,955	\$ 391,137	\$ 40,302
Common Equity	\$ 28,191,208	\$ 14,477,313	\$ 8,982,847	\$ 2,419,651	\$ 1,747,291	\$ 564,106	\$ -	\$ -
MEU Total Equity	\$ 29,606,211	\$ 14,978,424	\$ 9,299,431	\$ 2,505,126	\$ 1,806,730	\$ 585,061	\$ 391,137	\$ 40,302

SCHEDULE C

[Calculations of CMEEC Target Equity Level and Member Target Equity Level]

Target Equity Levels As of 1/1/2013						
	<u>CMEEC</u>	<u>Groton</u>	<u>Norwich</u>	<u>South Norwalk</u>	<u>East Norwalk</u>	<u>Jewett City</u>
Indebtedness	\$131,993,000	\$ 52,501,208	\$ 32,763,872	\$ 8,831,744	\$ 6,297,606	\$ 2,095,362
Equity	\$ 29,606,211	\$ 14,978,424	\$ 9,299,431	\$ 2,505,126	\$ 1,806,730	\$ 585,061
Capitalization	\$161,599,211	\$ 67,479,632	\$ 42,063,303	\$ 11,336,870	\$ 8,104,336	\$ 2,680,423
Actual Equity Levels	18.32%	22.20%	22.11%	22.10%	22.29%	21.83%
Target Equity Levels	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%

SCHEDULE D
(Reporting Format for Purposes of Section 10.4)

	Groton	Norwich	South Norwalk	East Norwalk	Jewett City
1. Member Equity					
2. Member Funds held by CMEEC					
2.1. Rate Stabilization					
2.2. Member Trust Funds					
2.3. Economic Development					
2.4. Other					
3. Amount to be Distributed to Member					
4. Amount to be posted by Member					
5. Remaining Funds/Member Interest Level					

Bylaws

**BYLAWS
OF THE
CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE**

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(Amended March 15, 1977; April 15, 1981; April 19, 1988; September 24, 1992; October 26, 1995; December 21, 2005; November 21, 2007; April 25, 2013, October 8, 2015) April 27, 2017; Amended February ----, 2018 with such amendment referred to herein as the February 2018 Bylaws Amendment.

**ARTICLE I
DEFINITIONS, NAME, LOCATION,
SEAL, PURPOSES, AND GENERAL
DESCRIPTION OF GOVERNANCE STRUCTURE**

SECTION 1. DEFINITIONS.

Capitalized terms used herein shall have the meanings afforded to them as provided herein. If not otherwise expressly defined herein such terms shall have the meanings afforded to such terms pursuant to the Act, or as are provided in the Replacement Power Supply Contracts, as amended (“RPSC”) by and between CMEEC and each of the Members or the General Transmission Services Agreement, as amended by and between CMEEC and each of the Members (the “GTSA”) or the Membership Agreement, as defined below.

In addition to the foregoing, the following terms shall the following meanings:

“Act” means Public Act 75-634 of the Acts of the State of Connecticut of 1975, subsequently enacted as Title 7, Chapter 101a, Sections 7-233a *et. seq.* of the General Statutes of Connecticut, as amended.

“Alternate Delegate” is as defined in Article I, Section 9.

“Alternate Utility Representative” is the persons appointed by the Member Governing Body

“Applicable Law” means the requirements of any federal and/or state law, code, statute, rule, regulation, or decree, including the Act, as well as any decree, order or judgment, not otherwise subject to appeal, validly issued or promulgated, and then in effect, by any court, tribunal, arbitrator or governmental agency having competent jurisdiction.

“Associate” is as defined in Article I, Section 8.

“Associate Representative” is as defined in Article I, Section 13.

“CMEEC” is as defined in Article I, Section 2.

“CMEEC Board of Directors” is as further defined in Article I, Section 6. The term “Board” and “Board of Directors” is used interchangeably with this term and has the same meaning.

“CMEEC Member Delegation” or “Member Delegation” is as further defined in Article I, Section 6.

“CMEEC Vision, Mission, and Objectives” means the formally published business management tools, as revised from time to time, consisting of hierarchically related components, including CMEEC’s visionary statement of its future desired state (“Vision”), CMEEC’s mission statement defining the manner in which the Vision shall be achieved (“Mission”), and the CMEEC key performance areas of focus and the associated metrics used in executing to the Mission and Vision (“Objectives”); such Vision, Mission and Objectives, and subsequent amendments thereto, shall be recommended by the CMEEC Chief Executive Officer to the CMEEC Board of Directors and approved by the CMEEC Board of Directors.

“Common Control” means two (2) or more Members that are Related Party Members, where one Related Party Member or its municipality, Owns and/or Controls the other Related Party Member(s). For purposes of this definition and that of “Related Party Member”, to “Own” means that a Member or its municipality has legal or equitable title or other incidents of ownership comprising more than ten percent (10%) of the ownership interests in another Member; to “Control” means to have the power to appoint or designate a majority of the officials of the governing body of another Member.

“Creating Agreement” means the “Restated and Amended Agreement made by and between the Boards of Public Utility Commissioners of the City of Norwich, the City of Groton, and the Borough of Jewett City, all of Connecticut”, dated October 1, 1987, as amended and restated.

“Director” is as defined in Article I, Sections 10 and 11..

“
Member” is as defined in Article I, Section 7.

“Member Delegate” is as defined in Article I, Section 9.

“Member Delegation Chair” is as defined in Article II, Section 1.

“Member Governing Body” means the board of commissioners of a Municipal Electric Utility or such other duly elected or appointed officials charged with managing the affairs of a Municipal Electric Utility.

“Member Utility Representative” is as defined in Article I, Section 10. are appointed by the Member Governing Body.

“Membership Agreement” or “MA” shall mean a certain Membership Agreement, as it may be amended, by and among the Members of CMEEC, and such other future Members who become Members of CMEEC in accordance with the Act and such Membership Agreement.

“Municipal Electric Utility” shall have the same meaning as is afforded such term by the Act.

“Municipal Legislative Body” means the Groton City Council in the case of Groton Utilities; Norwich City Council in the case of Norwich Public Utilities; the Warden and Burgesses of the Borough of Jewett City in the case of Jewett City Department of Public Utilities; the South Norwalk Water and Electric Commissioners and the Commissioners of the Third Taxing District of the City of Norwalk.

“Municipal Representative” is the person appointed to the CMEEC Board by the Municipal Legislative Body.

“New Member” shall mean a Member first becoming a Member of CMEEC following the Effective Date of the 2017 Bylaw Amendments.

“Related Party Member” means a Member that is related to another Member by reason of the following: (i) such Member, or its municipality, owns another Member or is owned by another Member, or its municipality; and/or (ii) such Member, or its municipality, Controls another Member or is Controlled by another Member, or its municipality.

“

SECTION 2. NAME.

The name of the Cooperative is the Connecticut Municipal Electric Energy Cooperative (“Cooperative” or “CMEEC”).

SECTION 3. LOCATION.

The principal office of CMEEC shall be located in Norwich, Connecticut, or in such other location in the State of Connecticut as may be designated by the CMEEC Board of Directors.

SECTION 4. CORPORATE SEAL.

The Board may adopt and alter the seal of CMEEC.

SECTION 5. PURPOSES.

The purposes for which CMEEC is organized are to undertake: (a) the procurement, management, provision, and transmission of electric products, including, but not limited to, electric commodity, ancillary and support services, and transmission services; (b) the planning, financing, development, acquisition, construction, reconstruction, improvement, enlargement, betterment, operation, and maintenance of a project or projects to supply electric power and energy for the present and future needs of its Members, and others as

contractually provided; and (c) to do and perform all acts and things for the benefit of its Members, and others as contractually provided, which by law, expressed or implied, it is authorized, empowered, or permitted to do and perform.

SECTION 6: GENERAL GOVERNANCE STRUCTURE.

SECTION 6.1. GENERAL.

CMEEC shall be managed by two governing bodies, subject to separate and distinct sets of structures, and requirements, for the purpose of maintaining appropriate segregation of interests and responsibilities, namely: (a) the CMEEC Member Delegation, through which the CMEEC Members act collectively, as defined further below, with respect to issues relating to their ownership, as Members of CMEEC, and (b) the CMEEC Board of Directors, comprised of Member Utility Representatives, Member Utility Alternates and Municipal Representatives, all as further defined herein, with respect to the operational management of CMEEC and as otherwise required pursuant to the Act. The roles and function of each of the CMEEC Member Delegation and the CMEEC Board of Directors are further described below in Article I, Sections 6.2 and 6.3.

SECTION 6.2. CMEEC Member Delegation.

The CMEEC Member Delegation is established and shall serve as the body to oversee and administer the individual and collective ownership-related interests of the Members in CMEEC, in their capacity as Members of CMEEC. The CMEEC Member Delegation shall be established and shall operate pursuant to Article II below. The CMEEC Member Delegation scope of responsibilities shall include, but not be limited to ensuring the interests of the Member Delegation are achieved through the development and implementation of, and ongoing execution to the CMEEC Vision, Mission, and Objectives by the CMEEC Board of Directors. The CMEEC Member Delegation shall possess the primary responsibility for managing all matters related to membership, equity requirements, and the financial stability of CMEEC, and as provided for in the voting requirements in Article II, applicable to the Member Delegation.

SECTION 6.3. CMEEC Board of Directors.

The CMEEC Board of Directors shall serve as the governing and oversight body for the individual and collective interests of all the Members and all customers of CMEEC, with such fiduciary duties as apply pursuant to the Act and Applicable Law, with respect to CMEEC's operations and in otherwise fulfilling the purposes as stated in this Section 6.3, and as further defined in Article III, and in Article IV hereof. The CMEEC Board of Directors, comprised of the Member Utility Representatives, Alternate Utility Representatives, and Municipal Representatives, as further defined herein, shall provide operational oversight of the CMEEC Chief Executive Officer in executing to and fulfilling the Vision, Mission, and Objectives.

SECTION 7. MEMBER(S).

The Member(s) of CMEEC (individually a “Member”, collectively the “Members”) are defined by the Act as the Municipal Electric Utilities within Connecticut, which have executed and acceded to participation under the Membership Agreement to participate as Members in CMEEC. The Member(s) shall include, where the context in these Bylaws requires, the Cities of Norwich and Groton, the Borough of Jewett City, the Second and Third Taxing Districts of the City of Norwalk, Bozrah Light and Power Company, acting by and through their Municipal Electric Utilities by authority of their Boards of Public Utility Commissioners, and such other Municipal Electric Utilities as may apply for, and be approved as New Members, by entering into and satisfactorily fulfilling the requirements for entry into the Membership Agreement, and by the due adoption and filing of such documentation as is required of the Members to authorize such additional Members and the filing of such documentation with the office of the Secretary of State of the State of Connecticut, as applicable, all in accordance with the Act and the provisions of the Membership Agreement.

SECTION 8. ASSOCIATE of CMEEC.

An Associate of CMEEC (“Associate”) is a Municipal Electric Utility or other entity that is a full requirements customer of CMEEC under Rate 9, or the then current Rate reference, where such Rate provides for the supply by CMEEC of a consolidated customer portfolio for the provision of Electric Products and Transmission Services to a customer group formed primarily by the Members. Associate status is available to those non-Member customers of CMEEC contracted for service from CMEEC under Rate 9, subject to the determination by the Board in the exercise of its sole and exclusive discretion. An Associate may be granted, by the determination of the Board, one (1) seat for participation at the CMEEC Regular Board of Directors. The method for appointment and roles and responsibilities of such Associate Representative shall be as provided for in Article I, Section 13 below.

SECTION 9. MEMBER DELEGATE SERVICE ON THE CMEEC MEMBER DELEGATION.

From the two (2) Member Utility Representatives and the two (2) Alternate Utility Representatives, appointed pursuant to Article I, Section 10 below, one (1) shall be selected and further appointed as the sole Member Delegate, to act with the full powers and duties of the Member while serving on the CMEEC Member Delegation with respect to all matters which come before the Member Delegation and one (1) shall be selected and further appointed to act with the full powers and duties of the Member Delegate representing such Member with respect to matters coming before the CMEEC Member Delegation in the event of the absence or unavailability of the Member Delegate of such Member (with such person referred to herein as the “Alternate Member Delegate”). The Member shall transmit notice of such appointments to CMEEC and such appointments shall thereafter be effective for all purposes, except in cases of resignation, removal, or replacement as provided in a subsequent notice by the Member to CMEEC. The Alternate Member Delegate position may be filled by one (1) of the remaining three (3) Member Utility Representatives or Alternate Utility Representatives

as an alternate to serve in his/her place as the Member Delegate on an as required basis when the Member Delegate is not available to participate and/or vote on matters coming before the CMEEC Member Delegation.

SECTION 10. CMEEC MEMBER UTILITY REPRESENTATIVES SERVING ON THE CMEEC BOARD OF DIRECTORS.

Each Member Municipal Electric Utility (“MEU”) Governing Body shall appoint two (2) Member Utility Representatives to the CMEEC Board of Directors. Each Member MEU Governing Body shall also appoint two (2) Alternate Utility Representatives (the “Alternate Utility Representative”). Each such Alternate Utility Representative shall be empowered to serve in the place of either of the Member Utility Representatives to the CMEEC Board of Directors or both, as applicable, in the event of the absence or unavailability of such Member Utility Representative(s) to participate and/or vote on matters coming before the CMEEC Board of Directors, to serve in the place of either or both of the Member Utility Representatives, as the case may be, and to act with the full powers and duties of the Utility Representative(s) in such circumstances. Each Member Utility Representative or Alternate Utility Representative must be an Official (Officer, Director, Commissioner, or high-ranking employee) of such Member. Alternate Utility Representatives may participate in Board of Director meetings when the Utility Representatives are fully present, but are eligible to vote in the Alternate capacity only when fulfilling the role in the absence of a Member Utility Representative.

SECTION 11. MUNICIPAL REPRESENTATIVE SERVING ON THE CMEEC BOARD OF DIRECTORS

The Municipal Legislative Body of each municipality in which a Member MEU operates shall determine the qualification of such appointee, term of office and compensation as provided in the Act. The Municipal Representative shall be a residential or commercial ratepayer of the respective Member MEU and may not be employed by either the Member MEU or the municipality in which the Member MEU operates or by any other Member MEU or its Municipal Legislative Body.

SECTION 12. ASSOCIATE REPRESENTATIVE.

Each Associate Representative is defined as the person appointed by the governing body of an Associate to participate in CMEEC Regular Board of Directors’ meetings as provided pursuant to these Bylaws. The Associate Representative appointed by their governing body is subject to CMEEC Board of Directors’ approval, not to be unreasonably withheld. The Associate Representative is not entitled to participate in the deliberations, the taking of any votes or other governance in any form of CMEEC Member Delegation meetings, or CMEEC Board of Director Special meetings, Annual meetings, or any Executive Sessions of meetings of the Member Delegation or CMEEC Board of Directors, other than if specifically invited by the Member Delegation or CMEEC Board of Directors, as applicable. The Associate Representative shall be either the highest-ranking utility employee of the Associate, or a

member of the governing body of the Associate. When participating in any CMEEC Regular Board of Directors' meeting pursuant to this Section, the Associate Representative(s) shall not be entitled to vote on any matter coming before the Board and may only provide his or her specific perspective and or position on the matter. The Associate Representative shall not serve in any Officer role, as further defined herein, or act in, the capacity of an agent or representative of CMEEC.

ARTICLE II

CMEEC MEMBER DELEGATION MEETINGS.

SECTION 1. GENERAL MATTERS.

The Member Delegation shall appoint from among the Member Delegates by majority vote during each Annual Meeting, to serve for a term of the longer of one (1) year or until the completion of the next Annual Meeting following such initial selection and appointment, a person (the “Member Delegation Chair”) to act in the capacity of chairperson with respect to the administration requirements of the CMEEC Member Delegation and the conduct and administration of the meetings of the CMEEC Member Delegation. The Member Delegation Chair may also serve simultaneously as the Chairperson of the Board if so elected by the Board pursuant to the procedures set forth herein. The Member Delegation may convene in Executive Session during any meeting of the Member Delegation in accordance with the provisions of Applicable Law.

SECTION 2. ANNUAL CMEEC MEMBER DELEGATION MEETING.

The annual meeting of the CMEEC Member Delegation shall be conducted on the third Thursday of November of each year at the offices of CMEEC, or on such other date or in such other location in the State of Connecticut as the CMEEC Member Delegation shall determine by official action of the CMEEC Member Delegation.

SECTION 3. CMEEC MEMBER DELEGATION SPECIAL MEETINGS.

The Member Delegation Chair may call special CMEEC Member Delegation meetings at any time, subject to compliance with the notice requirements of Applicable Law. The Member Delegation Chair shall call a Special CMEEC Member Delegation meeting whenever so requested in writing by a majority of the Member Delegates. No business other than the subject matter specified in the call for the meeting shall be transacted at any such special meeting of the CMEEC Member Delegation. Meetings of the CMEEC Member Delegation, other than the Annual CMEEC Member Delegation meeting, may be conducted in any geographic location, and such meetings are not restricted to the State of Connecticut as long as properly noticed.

SECTION 4. CMEEC MEMBER DELEGATION QUORUM.

The Member Delegate or Alternate Delegate in substitution for such Member Delegate, as provided herein, shall vote on behalf of such Member at any Special or Annual meetings of the CMEEC Member Delegation. The physical, in person presence at such meeting, or presence and participation via any form of real-time electronic communication technology, of a majority of Member Delegates (or Alternate Delegates) representing the majority of the Members shall be necessary to constitute a quorum for the transaction of business in any meeting of the Member Delegation. The Member Delegate (or Alternate Delegate) of a Member then in default which is not cured under the RPSC or GTSA, a Member subject to the procedure for Involuntary

Withdrawal under the MA, and or a Member that has provided notice of withdrawal under the MA, the RPSC, and/or the GTSA, as applicable, shall no longer retain voting rights with respect to matters coming before the Member Delegation for vote and shall not be considered in constituting a quorum.

SECTION 5. CMEEC MEMBER DELEGATION VOTING.

At all meetings of the CMEEC Member Delegation, all formal actions shall be determined by a majority vote of the Members cast by the Member Delegates, present in person or present and participating by means of real time electronic communication technology, except where such vote is specifically regulated by statute, including the Act, or as further defined in this Section 5 below. Each Member Delegate, or Alternate Delegate if authorized pursuant to these Bylaws, shall be entitled to cast one (1) vote in any vote taken by the Member Delegation. At all meetings of the CMEEC Member Delegation, all actions requiring vote by the Members are subject to the majority, supra-majority, unanimous, and weighted voting requirements as listed below, as identified by specific topic or category. Where not specifically identified herein, the subject matter of a vote or formal action coming before and/or required of the Member Delegation voting shall be determined by the Regular Vote Requirement as set forth below.

Unanimous Vote Requirement

(Equal to one hundred percent (100%) of the votes of the Member Delegates (or Alternate Delegates duly authorized) present or participating through real time electronic technology):

- Changes in voting method and requirements, as provided in these Bylaws.
- Membership involuntary withdrawal for Extraordinary Circumstances

Special Vote Requirement of Two-Thirds

(Equal to or greater than two thirds (for convention purposes equated to 66.666% of the votes of the Member Delegates (or Alternate Delegate(s) duly authorized) present or participating through real time electronic technology) :

- New Membership request and acceptance
- Associate Representative: establishment, acceptance and termination
- Membership involuntary withdrawal
- CMEEC Target Equity Levels, and as provided for in the Membership Agreement, Member Target Equity Levels
- Membership Interest Levels for New Members and annual recalculation
- Equity allocation and declaration of equity
- Bylaw revisions and amendments, excluding changes in voting method and requirements.

Regular Vote Requirement of Simple Majority:

(Equal to or greater than fifty-one percent (51%) of the votes of the Member Delegates (or Alternate Delegate(s) duly authorized) present or participating through real time electronic technology):

- Trust Fund utilization requirements in a manner in conformity and compliance with the requirements of any applicable trust instrument.
- Schedule of CMEEC Member Delegation meetings

Weighted Vote Requirement:

Pursuant to Conn. Gen. Stat. Section 7-233c(g), CMEEC does hereby adopt, for prospective effect, the following procedure for the taking of a weighted vote with respect to actions coming before and made by the Member Delegation. A weighted vote, if called with respect to matters coming before and taken by the Member Delegation, shall require: (a) a vote equal to or greater than sixty percent (60%) of the votes of the Member Delegates for each Member present, where each Member Delegate's vote is weighted by the fraction comprised of the previous five (5) year rolling average total load of the Member appointing such Member Delegate, divided by the previous five (5) year rolling average total load of all of the Members; and (b) a minimum of two (2) Member Delegates' votes constituting the sixty percent (60%). For purposes of satisfying sub-part (b) of this Art. II, sec. 5, the votes of the Member Delegates of two (2) or more Related Party Members under Common Control shall be deemed to be a single vote. For purpose of weighted voting, only one Member Delegate per Member is permitted to vote, and the five year period to determine load shall be the then most recent period starting on July 1 for the five prior years and ending on June 30 in the most recent or current year. As used in this section, "load" shall mean with respect to any Member, the total electric energy measured in megawatt hours (MWh) delivered by CMEEC to the applicable Member, including special contracts of the Member, and as reconstituted for CMEEC program-level load reduction activities. As used in this section, "load" with respect to New Members shall be based on the total electric energy delivered by CMEEC to such New Member during the five prior years shall occur as provided in the prior sentence, inclusive of such periods before such New Member became a Member. No partial voting by any one Member Delegate is permitted.

A Member Delegate may request a weighted vote at any time with respect to the Regular Vote Requirement only. Matters subject to determination by Special Vote and Unanimous Vote are not subject to the Weighted Vote requirement by definition.

SECTION 6. NOTICE.

Notice of the time and place and general purposes of all Annual and Special CMEEC Member Delegation meetings shall be mailed or otherwise issued by electronic correspondence, as

provided by and in conformity with Applicable Law and as provided in these Bylaws, by the CMEEC Member Delegation Chair and shall include transmittal of notice of such meeting by electronic correspondence to each Member Delegate, or, upon the default or assignment, by the person calling the meeting. Notices must be transmitted no less than seven (7) days in advance of the meeting and no greater than forty (40) days in advance of the meeting, provided that, other than in emergency conditions, the call for the meeting shall normally be issued with as much advance notice as practical. Special meetings of the CMEEC Member Delegation may be scheduled at such time and place as the CMEEC Member Delegation may determine.

SECTION 7. WAIVER OF NOTICE.

Whenever any notice is required to be given to any Member Delegate under the provisions of law, a waiver thereof in writing signed by such Member Delegate, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a Member Delegate at any meeting of the CMEEC Member Delegation shall constitute a waiver by such Member Delegate of notice of such meeting, except when such Member Delegate attends such meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE III **CMEEC BOARD of DIRECTORS**

SECTION 1. PURPOSE AND NUMBER OF DIRECTORS.

The operational affairs and business of CMEEC shall be managed by a CMEEC Board of Directors appointed in accordance with Article I herein. The number of persons serving on the CMEEC Board of Directors at any time shall be two (2) Member Utility Representatives named by each Member Utility and representing such Member Utility on the CMEEC Board of Directors, including two (2) Alternate Utility Representatives, and one (1) Municipal Representative named by each Municipal Legislative Body. There is no alternate representative for the Municipal Representative.

SECTION 2. TERM OF OFFICE OF BOARD REPRESENTATIVES.

SECTION 2.1 TERM OF OFFICE OF MEMBER UTILITY REPRESENTATIVES.

The term of office of each Member Utility Representative and Member Utility Alternate Representative shall be determined by each Member's Governing Body, and as may be thereafter modified by the Member's Governing Body, with notice of such term of appointment or modification thereof provided by the Member to CMEEC. The appointment and continued service on the CMEEC Board of Directors of any Member Utility Representative shall be deemed effective for all purposes unless and until modified by notice transmitted by the Member to CMEEC. The Member's Governing Body retains the responsibility to re-appoint any Member Utility Representative or to appoint a replacement upon the expiration of his or her term of office and to appoint a replacement in the event of resignation of a Member Utility Representative prior to the expiration of his or her term or to appoint a replacement. To maintain continuity of representation on the CMEEC Board of

Directors, the term of office of each Member Utility Representative shall be no less than one (1) year and the terms of office of each Member Utility Representative representing a single Member shall expire at intervals no less than one (1) year apart, unless appointment of a Member Utility Representative is required on a more frequent basis to fill the office due to the resignation of a Member Utility Representative or if an emergency condition exists. The same replacement requirements are applicable to the Member Utility Alternate Representatives.

SECTION 2.2 TERM OF OFFICE, COMPENSATION OF MUNICIPAL REPRESENTATIVES The term of office and compensation, if any, for each Municipal Representative shall be determined by each Municipal Legislative Body.

SECTION 3. DUTIES AND EXPECTATIONS OF BOARD OF DIRECTORS.

The duties of the Board of Directors shall be to govern the business and affairs of CMEEC; to exercise all powers of CMEEC; to comply with the provisions of the Act; and to keep the minutes of its proceedings. The Board of Directors shall be comprised of the Member Utility Representatives Member Utility Alternate Representatives and the Municipal Representatives (and Alternate Utility Representatives as duly authorized pursuant to these Bylaws). The expectations of performance of duties of the CMEEC Board of Directors are as defined herein, and shall include, but not be limited to:

- (a) To attend and participate in at least sixty-five percent (65%) of the combined, applicable CMEEC Board of Director Committee meetings, with such attendance and participation requirement satisfied by physical presence or presence by real-time electronic means as otherwise provided under these Bylaws, CMEEC Board of Director meetings, and formally called industry and role development sessions;
- (b) To become familiar and knowledgeable about, and develop constructive opinions on, the material provided to the CMEEC Board of Directors and presented at the CMEEC Board of Director meetings and Committee meetings;
- (c) To be prepared to discuss information provided to the CMEEC Board of Directors for the scheduled Board of Director meetings and Committee meetings;
- (d) To become knowledgeable about the issues of importance to the electric utility industry, the Municipal Electric Utilities, and the CMEEC Board of Directors Committee matters in which the individual is participating;
- (e) To be prepared to evaluate the performance of the CMEEC Board of Directors and CMEEC overall in achieving the goals established by the Board of Directors for the benefit of achieving the CMEEC Vision, Mission, and Objectives.
- (f) To act in accordance with the fiduciary duties of care and loyalty including the making of careful decisions in the best interests of CMEEC's Vision, Mission and Objectives and all its Members and all of its customers and to act collectively as a Board.

SECTION 4. CMEEC BOARD OF DIRECTOR MEETINGS.

- (a) The Annual Meeting of the CMEEC Board of Directors shall be conducted in conjunction with the Annual meeting of the CMEEC Member Delegation, unless

- otherwise required for schedule adjustment or by direction of the Member Delegation Chair.
- (b) Regular CMEEC Board of Director meetings shall be conducted at such times as the Board of Directors may determine, or as required by Applicable Law.
 - (c) Special CMEEC Board of Director meetings may be called by order of the Chairperson of the CMEEC Board of Directors, or whenever so requested in writing by a majority of the Board, with notice by the Secretary of the CMEEC Board of Directors made in accordance with Applicable Law.
 - (d) Any and all CMEEC Board of Directors meetings shall be conducted within the State of Connecticut, including all strategic retreats.
 - (e) CMEEC Board of Director meetings may be held from time to time by a resolution consented to by a majority of the CMEEC Board or by a call of the Chairman of the Board. The resolution for such meeting shall designate the time and place for the holding of an emergency CMEEC Board of Directors meeting without notice to the Board other than pursuant to such resolution.
 - (f) The CMEEC Board of Directors adopts "Robert's Rules of Order" as the general guide for the parliamentary governance and conduct of the meetings of the Board of Directors except where such rules are in conflict with the Act, the Membership Agreement, or the Bylaws, in which case the Act, the Membership Agreement, and/or the Bylaws shall prevail.

SECTION 5. CMEEC BOARD OF DIRECTORS QUORUM.

At any meeting of the CMEEC Board of Directors, a majority of the appointed Member and Municipal appointed Board Representatives shall constitute a quorum for the transaction of business, but in the event of a quorum not being present, a lesser number may adjourn the meeting to some future time, not less than one (1) day later nor more than thirty-five (35) days later. The act of a majority of the Board Representatives (or duly authorized Alternate Representatives) present or present by real-time electronic means at a CMEEC Board of Directors' meeting at which there is a quorum shall be the act of the Board of Directors, unless the Secretary determines that a Board of Directors' supra-majority or unanimous vote is required, or unless there is a call by any Member Representative for a weighted vote, subject to the provisions of Section 6 of this Article III. Associate Representatives shall not be included in constituting a quorum.

The Member Utility Representatives (and Alternate Utility Representatives) and the Municipal Representative of a Member in default and not cured under the RPSC or GTSA, a Member subject to Involuntary Withdrawal under the MA and or a Member that has provided notice of withdrawal under the MA, the RPSC and/or the GTSA., shall no longer retain voting rights on the Board of Directors following, as applicable, such default, initiation of procedure or notice of termination and shall not be considered in constituting a quorum. Attendance and participation of the Member Representatives or Alternate Representatives, if otherwise applicable, for purposes of satisfying the quorum requirements set forth herein may be satisfied through attendance and participation by real-time electronic means as provided in Art. II, Section 4 hereof.

SECTION 6. CMEEC BOARD OF DIRECTORS SPECIAL VOTING.

Each Member Utility Representative and Municipal Representative shall be entitled to cast one (1) vote. At all CMEEC Board of Director meetings, all actions requiring vote by the Board are subject to the majority, supra-majority, unanimous, and weighted voting requirements as listed below, as identified by specific topic or category. Where not specifically identified herein, subject matter requiring a vote or formal action by the Board shall be made pursuant to the Regular Vote Requirement.

Unanimous Vote Requirement

(Equal to one hundred percent (100%) of the votes of the Board of Directors present or participating by real-time electronic technology), provided a quorum is present:

- Exercise of the power of eminent domain or condemnation as provided in the Act

Special Vote Requirement of Two-Thirds

(By convention determined to be equal to or greater than 66.666% of the votes of the Member Representatives present or participating by real-time electronic technology):

- (no special vote requirements currently established for the CMEEC Board of Directors)

Regular Vote Requirement of Simple Majority

(Equal to or greater than fifty-one percent (51%) of the votes of the Board Representatives present or participating by real-time electronic technology)

- Resolution for calling a Regular CMEEC Board of Directors meeting
- Board Officer(s) and Board Committee appointments and terminations
- Policy changes for Board of Director compensation and reimbursement
- Debt issuance and restructuring, and other instruments utilized for indebtedness and liquidity
- Changes to Rate 9, Rate 10, or other specific rates, for purpose of electric products and transmission services
- Budget approval and budget revision
- Contract execution for full or partial requirements electric energy supply and approval of an Additional Power Project provided that each Member's Entitlement Allocation in such Additional Power Project shall be determined by each Member Municipal Utility in accordance with Section 12. of the Membership Agreement.
- Other Contracts binding on CMEEC with a term extending for more than five (5) years, regardless of the contracted service, product, or other purpose of such contract.
- Risk Management Policy and other Board directives or policies in conducting CMEEC business including, but not limited to, Board policies and procedures.

- CEO employment related actions, including contract terms and conditions, compensation adjustments, etc.

Weighted Vote Requirement:

Pursuant to Conn. Gen. Stat. Section 7-233c(g), CMEEC does hereby adopt the following procedure for the taking of a weighted vote with respect to actions coming before and made by the Board of Directors. A weighted vote of the Board of Directors, if called pursuant to the Act, shall require: (a) a vote equal to or greater than sixty percent (60%) of the votes of the Member Utility and Municipal Representatives present, where each Member Utility and Municipal Representative's vote is weighted by the fraction comprised of the previous five (5) year rolling average total load of the Member appointing such Member Utility and Municipal Representatives, divided by the previous five (5) year rolling average total load of all of the Members; and (b) a minimum of six (6) Member Utility and/or Municipal Representatives' votes constituting the sixty percent (60%). For purposes of satisfying sub-part (b) of this Art. III, sec. 6, the collective votes of the Member Utility and Municipal Representatives of two (2) or more Related Party Members under Common Control shall be deemed to be three (3) votes. For purpose of weighted voting, two Member Utility Representatives and one (1) Municipal Representative per Member are permitted to vote, and the five year period to determine load shall be the then most recent period starting on July 1 for the five prior years and ending on June 30 in the most recent or current year. As used in this section, "load" shall mean with respect to any Member, the total electric energy measured in megawatt hours (MWh) delivered by CMEEC to the applicable Member, including special contracts of the Member, and as reconstituted for CMEEC program-level load reduction activities. As used in this section, "load" with respect to New Members shall be based on the total electric energy delivered by CMEEC to such New Member during the five prior years shall occur as provided in the prior sentence, inclusive of such periods before such New Member became a Member. No partial voting by any one Member Utility or Municipal Representative is permitted. Appendix A attached hereto to these Bylaws contains an example for the purposes of illustrating the weighted vote calculation.

A Member Utility or Municipal Representative may request a weighted vote at any time with respect to matters subject to the Regular Vote Requirement only. Special Vote and Unanimous Vote are not eligible for Weighted Vote, by definition, because their respective minimum requirements are greater than the Weighted Vote convention.

SECTION 7. CMEEC BOARD OF DIRECTORS VACANCIES.

A vacancy occurring in the CMEEC Board of Directors, whether such vacancy be the result of a resignation, death, removal, or disability, shall be filled by the appointment of a successor Member Utility or Municipal Representative by the same Member Governing Body or Legislative Body, whichever is applicable, which appointed the Member Utility or Municipal Representative originally whose position has become vacant...

SECTION 8. CMEEC BOARD OF DIRECTORS REMOVAL OF UTILITY REPRESENTATIVE.

A Member Utility Representative (or Alternate Representative) may be removed as provided in the Act, Membership Agreement, Bylaws, and Applicable Law.

The Municipal Body Appointments (may be removed as provided by the Municipal Legislative Body making the appointment.

SECTION 9. CMEEC BOARD OF DIRECTORS UNANIMOUS CONSENT.

Under an emergency condition and in lieu of any Regular or Special CMEEC Board of Directors meetings and vote of the Board, the unanimous written consent of all CMEEC Board of Directors' may be filed with the Secretary of the CMEEC Board of Directors with respect to any action taken, or to be taken, by the Board of Directors. Said consents shall, when filed, have the same force and effect as a unanimous vote of the Board.

SECTION 10. CMEEC BOARD OF DIRECTOR CHAIRPERSON.

The CMEEC Board of Directors shall elect a Chairperson and a Vice-Chairperson who shall meet the requirements set forth in the Bylaws.

SECTION 11. POWERS OF CMEEC BOARD OF DIRECTORS.

The business of CMEEC shall be governed by the Board of Directors, which shall have and may exercise all the powers of CMEEC provided in the Act and as otherwise further defined in the Membership Agreement and Bylaws.

SECTION 12. EXECUTIVE SESSIONS OF THE CMEEC BOARD OF DIRECTORS.

The Board of Directors may call and hold any Executive Sessions in accordance with the provisions of the Open Meeting laws of the State of Connecticut and applicable law governing the conduct of such Executive Sessions.

SECTION 13. CONTRACTS.

Except as otherwise provided by law, the CMEEC Board of Directors may authorize any Officer or Officers, agent or agents, employee or employees, to enter into any contract or to execute and deliver any instrument in the name and on behalf of CMEEC.

SECTION 14. CHECKS, DRAFTS, FINANCIAL DOCUMENTATION.

All checks, drafts, or other orders for payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of CMEEC shall be signed by such Officer or Officers, agent or agents, employee or employees of CMEEC, and in such manner consistent with policies of the CMEEC Board of Directors.

SECTION 15. DEPOSITS.

All funds of CMEEC shall be deposited from time to time to the credit of CMEEC, pursuant to law, in such bank or banks as the CMEEC Board of Directors may approve, in conformance with CMEEC's Power Supply System Revenue Bond Resolution(s) as amended.

SECTION 16. COMMITTEES OF THE CMEEC BOARD OF DIRECTORS.

The CMEEC Board of Directors may appoint designated committees (individually or collectively referred to herein as the "Committee(s)") of the Board of Directors as it deems necessary from time to time to perform duties as may be approved and delegated by the Board of Directors. Such Committees and participation in such Committees shall be determined by the Board of Directors based on the qualifications deemed appropriate for such participation and the duties deemed necessary to be performed. The Board of Directors may appoint any qualified person, Member Utility Representative (or Alternate Representative), Municipal

Representative, or CMEEC employee to serve on such Committees based on the qualifications specified by the Charter of the affected Committee as approved by the Board of Directors, and where appropriate, the Board of Directors may set compensation for service by any such individual(s) on such Committees. The standing Committees of the Board of Directors, as may be changed at any time from time to time by vote of the Board of Directors, shall include the following:

- Budget & Finance Committee
- Audit Committee
- Compensation and/ or Policy Committee
- Risk Management Committee
- Governance Committee
- Legislative Committee

ARTICLE IV

CMEEC OFFICERS

SECTION 1. NUMBER OF OFFICERS.

The Officers of CMEEC shall be a Chairperson, Vice- Chairperson, Secretary, Treasurer, Chief Executive Officer, Chief Financial Officer, and such other Officers and assistant Officers as may be authorized by the Board of Directors from time to time to perform such duties as may be approved by the Board of Directors. The Chairperson and Vice-Chairperson shall be Member Utility or Municipal Representatives on the Board of Directors. The offices of the Secretary and Treasurer may be fulfilled by CMEEC employees, as approved by vote of the Board of Directors. The Chief Executive Officer and the Chief Financial Officer shall be CMEEC employees, and shall not be subject to the initial and regular elections and terms of office as provided for in Article IV, Section 2.

SECTION 2. ELECTION OF OFFICERS.

- (a) Initial Election of Officers. At the first meeting of the Board of Directors, the Board of Directors shall elect the Chairperson, Vice Chairperson, Secretary, and Treasurer Officer roles, who shall serve as such Officers of CMEEC until the next succeeding Annual CMEEC Board of Directors meeting, or such later term as may be approved by the Board of Directors and shall serve in such office until their successors are elected and qualified, as provided in this Article IV, Section 2(a).
- (b) Regular Elections and Term of Office. The Chairperson, Vice Chairperson, Secretary, and Treasurer shall be elected annually, or for a longer term as approved by the Board of Directors, by action duly taken at the Annual CMEEC Board of Directors meeting. If the election of the Chairperson, Vice Chairperson, Secretary, and Treasurer shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Vacancies of the Chairperson, Vice Chairperson, Secretary, and Treasurer

may be filled at any meeting of the Board of Directors. Each Chairperson, Vice Chairperson, Secretary, and Treasurer shall hold office until the next succeeding Annual Meeting of the Board of Directors or until their successor is elected and qualified, whichever is later.

SECTION 3. DUTIES OF OFFICERS.

In addition to duties designated by the Board of Directors, the duties of the Officers of the Board of Directors and of CMEEC are as follows:

Chairperson: The Chairperson shall preside at all meetings of the Board of Directors and, except as otherwise delegated by the Board of Directors, shall execute all legal instruments of CMEEC. When and while a vacancy exists in the office of the Chief Executive Officer, the Chairperson shall act to cause a temporary appointment of a qualified individual to serve in the Chief Executive Officer role. The Chairperson shall perform such other duties as the Board of Directors may prescribe from time to time. The qualifications for the office of Chairperson shall be as set forth in the Bylaws and as otherwise may be approved by the Board of Directors by resolution consistent with the Bylaws.

Vice-Chairperson: The Vice-Chairperson, in the absence of the Chairperson or in the event of their inability or refusal to act, shall perform the duties of the Chairperson and when so acting shall have all the powers of, and be subject to, all the restrictions upon the Chairperson. The Vice-Chairperson shall also perform such other duties as may be prescribed by the Board of Directors from time to time. Qualifications for the office of Vice-Chairperson shall be as set forth in the Bylaws and as otherwise may be approved by the Board of Directors by resolution consistent with the Bylaws.

Secretary/Assistant Secretary(s): The Secretary shall maintain the official records of the Board of Directors, the minutes of meetings of the Board of Directors, and a register of names and addresses of Member Utility and Municipal Representatives and Officers, and shall issue notice of meetings, attest and affix the CMEEC seal to all documents of CMEEC, and shall perform such other duties as the Board of Directors may prescribe from time to time. Any Assistant Secretary(s), in the absence of the Secretary or in the event of their inability or refusal to act, shall perform the duties of the Secretary, and when so acting, shall have all the powers of, and be subject to, all restrictions upon the Secretary. Any Assistant Secretary(s) shall also perform such other duties as may be prescribed by the Board of Directors from time to time. The qualifications for the office of Secretary shall be as set forth in the Bylaws and as otherwise approved by the Board of Directors by resolution consistent with the Bylaws.

Treasurer/Assistant Treasurers: The Treasurer shall be responsible for ensuring that all appropriate and relevant financial information and issues are brought before the Board of Directors and shall perform other duties as the Board of Directors may prescribe from time to time including, but not limited to participation and leadership of Board of Directors Committees related to financial issues. Any Assistant Treasurers, in the absence of the Treasurer or in the event of their inability or refusal to act, shall perform the duties of the

Treasurer, and when so acting, shall have all the powers of, and be subject to, all restrictions upon the Treasurer. Any Assistant Treasurers shall also perform such other duties as may be prescribed by the Board from time to time. The qualifications for the office of Treasurer shall be as set forth in the Bylaws and as otherwise approved by the Board of Directors by resolution consistent with the Bylaws.

Chief Executive Officer: The Chief Executive Officer shall be the principal executive Officer of CMEEC with full responsibility for the planning, operations, and administrative affairs of CMEEC and the coordination thereof pursuant to policies and programs approved by the Board of Directors from time to time, and shall be the agent for service of process on CMEEC. The qualifications for the office of Chief Executive Officer shall be determined by the Board of Directors.

Chief Financial Officer: The Chief Financial Officer shall be the principal financial Officer of CMEEC with full responsibility for financial planning and reporting, Treasury function, debt issuance, credit management, and the coordination thereof pursuant to policies and programs approved by the Board of Directors from time to time, and shall be the agent for financial service on CMEEC. The qualifications for the office of Chief Financial Officer shall be determined by the Chief Executive Officer.

SECTION 3.1. POSITION OF GENERAL COUNSEL.

There shall be a position of General Counsel of CMEEC. The General Counsel shall have full responsibility for the legal affairs of CMEEC and ensuring compliance of CMEEC with applicable laws and regulations. The qualifications for the General Counsel shall be determined by the Chief Executive Officer.

SECTION 4. BONDS OF OFFICERS.

The Treasurer, and any other Officer, agent, or employee of CMEEC charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other Officer, agent, or employee of CMEEC to give bond in such amount and with such surety as it shall determine. The cost of such bond shall be an expense payable by CMEEC.

SECTION 5. OFFICER VACANCIES, HOW FILLED.

All vacancies in any Officer role or position described in these Bylaws shall be filled by the Board of Directors without undue delay at its Regular CMEEC Board of Directors meeting or at a Special CMEEC Board of Directors meeting called for that purpose, other than vacancies in the Chief Financial Officer and General Counsel roles, which shall be filled by the Chief Executive Officer without similar undue delay.

SECTION 6. COMPENSATION AND INDEMNIFICATION.

(a) The Officers and Member Utility Representatives (or Alternate Utility Representatives) shall receive such salary or compensation and expense reimbursement as may be determined by the Board of Directors. Each Member Utility Representative, Alternate Utility Representative, Municipal Representative, and Officer of CMEEC and persons occupying positions in the CMEEC organization pursuant to these Bylaws, whether or not then in office, and their personal representatives, shall be indemnified and held harmless by CMEEC against all costs and expenses, including reasonable attorney fees and/or defense of suit, actually incurred by them in connection with the defense of any claim, action, suit, or proceeding in which they may be involved or to which they may be made a party by reason of their being or having been such Member Utility Representative, Alternate Utility Representative, Municipal Representative or Officer, except in relation to matters as to which they shall be finally adjudged in such action, suit, or proceeding to be liable for willful or wanton negligence or misconduct in the performance of duty. Such costs and expenses shall include but not be limited to amounts reasonably paid in settlement for curtailing the costs of litigation, but only if CMEEC is advised in writing by its counsel that in their opinion the person indemnified did not commit such willful or wanton negligence or misconduct. The foregoing right of indemnification shall not be exclusive of other rights to which such, Member Utility Representatives, Alternate Utility Representatives, and Municipal Representatives, or Officer or other office described in these Bylaws may be entitled as a matter of law or by agreement.

(b) Each CMEEC employee shall be indemnified for all costs and expenses, including the right to receive in advance reasonable legal fees actually incurred by the employee in connection with the defense of any claim, action, suit, or proceeding in which they may be involved or to which they may be a party by reason of their being or having been such employee (a "Claim"), except in relation to matters as to which they shall be finally adjudged in such action, suit, or proceeding to be liable for willful or wanton negligence or misconduct in the performance of duty.

CMEEC employee shall give written notice to the CMEEC CEO or the Chairperson of the CMEEC Board of Directors, where notice to the CMEEC CEO is not appropriate, of any such Claim when such is made against the employee for which indemnification and/or advancement will be sought.

In the event that CMEEC is obligated hereunder to pay the costs and expenses of any Claim, CMEEC, if appropriate, shall be entitled to assume the defense of such Claim with counsel approved by the employee (not to be unreasonably withheld). On approval of such counsel by employee and the retention of such counsel by CMEEC, CMEEC will not be liable to employee for any fees of counsel subsequently incurred by employee with respect to the same Claim; provided that, (i) employee shall have the right to employ employee's separate counsel in any such Claim at employee's own expense and (ii) if (A) the employment of separate counsel by employee has been previously authorized by CMEEC, (B) employee shall have reasonably concluded that there may be a conflict of interest between CMEEC and employee in the conduct of any such defense, or (C) CMEEC shall not continue to retain such counsel to defend such Claim, then the fees and expenses of employee's separate counsel shall be considered an

indemnifiable expense.

Settlement: The indemnification and advancement to CMEEC employee shall include but not be limited to amounts reasonably paid in settlement for curtailing the costs of litigation, but only if CMEEC is advised in writing by its counsel that in their opinion the person indemnified did not commit such willful or wanton negligence or misconduct.

The CMEEC General Counsel is hereby authorized to take such actions as are necessary to determine that the employee acted in good faith and in a manner that the employee reasonably believed to be in, or not opposed to, the best interests of CMEEC and that the employee had a reasonable belief that the employee's conduct was lawful.

SECTION 7. REMOVAL OF OFFICERS/APPOINTED POSITIONS.

Any Officer or agent or person filling a position provided for under these Bylaws by the Board of Directors may be removed from office by the Board of Directors, with or without cause, whenever in its judgment the best interests of CMEEC will be served thereby, other than the Chief Financial Officer and General Counsel, which shall only be subject to removal by determination of the Chief Executive Officer.

ARTICLE V **PUBLIC MEETINGS AND RECORDS**

SECTION 1. PUBLIC ACCESS TO MEETINGS.

The provisions of Title 1, Sections 1-200 *et seq.*, as amended, of the Connecticut General Statutes relating to meeting of public boards and agencies shall apply to CMEEC and shall be observed with respect to all Annual, Regular or Special meetings of the CMEEC Board of Directors meetings and of the CMEEC Member Delegation. Except as provided in said Sections, all meetings of the Board of Directors and the Member Delegation shall be open to the public.

SECTION 2. PUBLIC RECORDS. The Secretary of CMEEC shall be the custodian of all public records of CMEEC, and the custodian and a designee appointed by official action of the CMEEC Board of Directors shall be responsible for the preservation and care of such public records. The provisions of Title 1, Sections 1-200 *et seq.*, as amended, relating to the availability of public records shall apply to CMEEC. It shall be the duty of the custodian of public records and the designee to see they are made available for public inspection and copying; they are carefully protected and preserved from deterioration, alteration, mutilation, loss, removal or destruction; and they are repaired, renovated, or rebound, when necessary, to preserve properly.

On application for public information to the custodian by any person, the custodian shall promptly produce such information for inspection or duplication, or both, in the offices of CMEEC. If the information is in active use or in storage and, therefore, not available at the time a person asks to examine it, the custodian shall certify this fact in writing to the applicant and

set a date and hour within a reasonable time when the record will be available. Nothing herein shall authorize any person to remove original copies of public records from the offices of CMEEC without the written permission of the custodian of the records.

In the event the custodian of records is of the opinion the records or information should not be supplied to the person requesting them for review, they shall within a reasonable time, not later than ten (10) days after receiving a written request for the records, request a decision from the General Counsel to determine whether the information is privileged. The specific information requested shall be supplied to the General Counsel but shall not be disclosed until a final determination has been made.

SECTION 3. CONFIDENTIAL RECORDS.

All public records collected, assembled, or maintained by CMEEC pursuant to law or in connection with the transaction of official business is public information and available to the public during normal business hours of CMEEC, with the exceptions listed in Conn. Gen. Stat. Title I, chapter 14, Sections 1-200 *et seq.*, as amended and Conn. Gen. Stat sec 7-232a.

SECTION 4. CHARGES FOR PUBLIC RECORDS.

The cost to any person requesting reproductions of public records shall be a reasonable fee.

ARTICLE VI **BUDGETS, AUDITS AND FISCAL YEAR**

SECTION 1. ADMINISTRATIVE BUDGET. The Chief Executive Officer of CMEEC shall cause to be prepared a general administrative budget for each year, in coordination with the appropriate CMEEC Board of Directors' Committee, and submit the same to the Utility and Municipal Representatives then serving on the CMEEC Board of Directors for approval by the Board. The budget shall include an estimate of the amount of receipts and expenditures for general administrative purposes during the ensuing year, including all expenses necessary to conduct the operational responsibilities of CMEEC. The Chief Executive Officer of CMEEC shall cause to be prepared no less frequently than quarterly financial reports without audit and shall submit the same to the Board of Directors as soon as practical following the end of each quarter of the applicable fiscal year.

SECTION 2. ELECTRIC PRODUCT AND TRANSMISSION SERVICES BUDGET.

The Chief Executive Officer of CMEEC shall cause to be prepared an electric product and transmission services budget for each year, in coordination with the appropriate CMEEC Board of Directors' Committee, and submit the same to the Utility Representatives, Utility Alternate Representatives and Municipal Representatives of each Member on the CMEEC Board of Directors for the approval of the Board. The budget shall include an estimate of the amount of receipts and expenditures for electric products and transmission services during the ensuing year, including all expenses necessary to conduct the operational responsibilities of CMEEC. The Chief Executive Officer of CMEEC shall cause to be prepared no less frequently than quarterly financial reports without audit and shall submit the same to the Board of Directors as soon as practical following the end of each quarter of the applicable fiscal year.

SECTION 3. ANNUAL AUDIT.

Within one-hundred twenty (120) days after the end of each fiscal year, the Member Utility Representatives, Alternate Utility Representatives, and Municipal Representatives, acting through the appropriate CMEEC Board of Directors Committee, shall cause the books, accounts, and records of CMEEC to be audited by an independent, certified public accountant licensed, registered, or entitled to practice and practicing as such under the laws of the State of Connecticut.

SECTION 4. FISCAL YEAR.

The fiscal year of CMEEC shall, unless otherwise formally modified by the Board of Directors, end December 31.

ARTICLE VII

EFFECTIVE DATE AND AMENDMENTS

SECTION 1. EFFECTIVE DATE.

The February 2018 Bylaw Amendments shall become effective on and following the date on which a two-thirds majority of the Member Delegation votes in the affirmative to approve the 2017 Bylaw Amendments, unless and until further amended as provided in this Article VII.

SECTION 2. HOW AMENDED.

These Bylaws may be amended by an affirmative vote of the CMEEC Member Delegation at an Annual or Special CMEEC Member Delegation meeting, provided no less than seven (7) days' notice shall have been sent to each Member entitled to receive such notice, which notice shall state the amendments which are proposed to be made in such Bylaws, and further providing that no amendment may be made which is inconsistent with the Creating Agreement and/or the Membership Agreement and only such changes as have been specified in

the notice shall be made.

Attachment A

Weighted Vote Example

Examples of two scenarios are provided for aiding Board Representatives' practical understanding, preceded by a common set of facts or sample data:

Condition: Per Bylaws and statute, a single Board Representative may call for a weighted vote at any time

Passing Requirement:

Requires:

(a) a vote equal to or greater than sixty percent (60%) of the votes of the Member Utility and Municipal Representatives present, where each Member Utility and Municipal Representative's vote is weighted by the fraction comprised of the previous five (5) year rolling average total load of the Member appointing such Member Utility and Municipal Representatives, divided by the previous five (5) year rolling average total load of all of the Members; and

(b) a minimum of six (6) Member Representatives' votes constituting the sixty percent (60%). For purposes of satisfying sub-part (b) of this Art. III, sec. 6, the collective votes of the Member Utility and Municipal Representatives of two (2) or more Related Party Members under Common Control shall be deemed to be three (3) votes

Sample Data				
Member Name	Abbreviation	Five Year Average Load	Voting Members	Weight Per Voting Member
Groton Utilities	GU	460,000	3	153,333
Norwich Public Utilities	NPU	350,000	3	116,667
Bozrah Light & Power	BL&P	220,000	3	73,333
South Norwalk Electric & Water	SNEW	115,000	3	38,333
Third Taxing District	TTD	80,000	3	26,667
Jewett City Department Public Utilities	JCDPU	30,000	3	10,000
	Total	1,255,000		
Weighted Vote Minimum 60% Requirement	753,000			

Failing Vote Example #1 (Related Party)					
Member	Weighted Vote 1	Weighted Vote 2	Weighted Vote 3	Weighted Vote Total	Member Votes
GU	153,333	153,333	153,333	460,000	3
NPU	0	0	0	-	0
BL&P	73,333	73,333	73,333	220,000	3
SNEW	0	0	0	-	0
TTD	0	0	0	-	0
JCDPU	0	0	0	-	0
			Total	680,000	6
Vote Fails for 2 Reasons					
1) Deficient Minimum Weight (680,000 vs 753,000 Required)					
2) Deficient Minimum Votes (GU / BL&P Related Parties = 3 Maximum vs 6 Required)					

Failing Vote Example #2 (Related Party)					
Member	Weighted Vote 1	Weighted Vote 2	Weighted Vote 3	Weighted Vote Total	Member Votes
GU	153,333	153,333	153,333	460,000	3
NPU	0	0	0	-	0
BL&P	73,333	73,333	73,333	220,000	3
SNEW	57,500	57,500	<i>Only 2</i>	115,000	2
TTD	0	0	0	-	0
JCDPU	0	0	0	-	0
			Total	795,000	8
Vote Fails for 1 Reason					
1) Deficient Minimum Votes (GU / BL&P Related Parties = 3 Maximum plus SNEW 2 = 5 Total vs 6 Required)					

Succeeding Vote Example #3					
Member	Weighted Vote 1	Weighted Vote 2	Weighted Vote 3	Weighted Vote Total	Member Votes
GU	-	-	-	-	0
NPU	116,667	116,667	116,667	350,000	3
BL&P	73,333	73,333	73,333	220,000	3
SNEW	57,500	57,500	<i>Only 2</i>	115,000	2
TTD	80,000	<i>Only 1</i>	<i>Only 1</i>	80,000	1
JCDPU	0	0	0	-	0
			Total	765,000	9
Vote Succeeds by Fulfilling 2 Requirements					
1) Sufficient Minimum Weight (765,000 vs 753,000)					
2) Sufficient Minimum Votes (9 Total vs 6 Required)					

Succeeding Vote Example #4					
Member	Weighted Vote 1	Weighted Vote 2	Weighted Vote 3	Weighted Vote Total	Member Votes
GU	153,333	153,333	153,333	460,000	3
NPU	0	0	0	0	0
BL&P	73,333	73,333	73,333	220,000	3
SNEW	57,500	57,500	<i>Only 2</i>	115,000	2
TTD	80,000	<i>Only 1</i>	<i>Only 1</i>	80,000	1
JCDPU	0	0	0	0	0
			Total	875,000	9
Vote Succeeds by Fulfilling 2 Requirements					
1) Sufficient Minimum Weight (875,000 vs 753,000)					
2) Sufficient Minimum Votes (GU / BL&P Related Parties = 3 Maximum plus SNEW 2 & TTD 1 = 6 vs 6 Required)					

Sample Replacement Power Supply Contract

**Privileged and Confidential
Draft Version 5.0
February 21, 2012 [revs 22 Feb. 12]**

**REPLACEMENT
POWER SALES CONTRACT
BETWEEN
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
[MUNICIPAL ELECTRIC UTILITY/ELIGIBLE POWER PURCHASER]
DATED AS OF [, 2012].**

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REPLACEMENT POWER SALES CONTRACT

THIS REPLACEMENT POWER SALES CONTRACT is made and entered into as of the first day of _____, 2012 (the "First Effective Date"), by and between the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, a public body corporate and politic organized and existing under and by virtue of the laws of the State of Connecticut (hereinafter referred to as "CMEEC") and [_____, by and through the municipal electric utility which constitutes an electric department, agency or other body of such municipal corporation or otherwise acting as an entity qualifying and eligible to purchase power from CMEEC as provided herein (the " Replacement Contract Power Purchaser ").

W I T N E S S E T H :

WHEREAS, CMEEC has been duly organized under Chapter 101a of Title 7 of the General Statutes of Connecticut, as amended (the "Act");

WHEREAS, CMEEC has heretofore entered into contracts, as restated and amended (the "Original Power Supply Contracts", which contracts and amendments are listed in Exhibit A attached hereto), for the supply of electric power with the City of Groton, Connecticut, the City of Norwich, Connecticut, the Borough of Jewett City, Connecticut, the Second Taxing District of the City of Norwalk, Connecticut and the Third Taxing District of the City of Norwalk, Connecticut (collectively, the "Original Contract Power Purchasers");

WHEREAS, the Original Power Supply Contracts require each of the Original Contract Power Purchasers to purchase all or substantially all of their respective power and energy requirements from CMEEC upon the terms and conditions contained in the Original Power Supply Contracts;

WHEREAS, the revenues derived by CMEEC from the Original Power Supply Contracts have been assigned and pledged by CMEEC to secure the payment of the principal and interest related to the Indebtedness of CMEEC outstanding as of the First Effective Date (the "Currently Outstanding Indebtedness", which issuances and associated amounts are listed in Exhibit B attached hereto) which is scheduled to mature on (a) _____, 2021 or (b) the date upon which the Currently Outstanding Indebtedness is repaid in full, in accordance with its terms prior to such maturity date (with the earlier of (a) or (b) referred to hereafter as the "Original Contract Debt Termination Date").

WHEREAS, changes to federal and state energy laws have encouraged increased competition and customer choice in the energy business which requires CMEEC and the Original Contract Power Purchasers to have greater flexibility in their respective utility operations;

WHEREAS, in order to provide greater flexibility to CMEEC and the Original Contract Power Purchasers in their respective utility operations and other potential Power

Purchasers seeking to be supplied with their power and energy requirements by CMEEC and in order to preserve the security provided CMEEC for the payment of its fixed costs pursuant to the Original Power Supply Contracts during the period up to and including the Original Contract Debt Termination Date and to provide a replacement structure of security for the payment of such fixed costs, if any, due following such Original Contract Debt Termination Date, it has been determined to be in the best interest of CMEEC and the Original Contract Power Purchasers that the Original Power Supply Contracts be terminated and simultaneously replaced upon the Original Contract Debt Termination Date by this Contract or its substantial equivalent with respect to the Original Contract Power Purchasers, or its substantial equivalent (collectively, the “Replacement PSCs” or “RPSCs”);

WHEREAS, in order to achieve the objectives referred to in the prior two recitals, CMEEC is entering into a General Transmission Services Agreement or GTSA (collectively, the “GTSAs”) with each of the Original Contract Power Purchasers and with possible other Additional Power Purchaser(s), as further defined below, and others who qualify as Transmission Purchasers, as that term is defined in the GTSAs, which shall separately provide for and define the procurement and supply of the Transmission Services, as defined hereafter, as are required for the supply of the Electric Products and for participation in any Transmission Projects (as hereinafter defined) ;

WHEREAS, the Replacement Contract Power Purchaser, if an Original Contract Power Purchaser, desires to purchase the hereinafter defined Electric Products from CMEEC on the terms and conditions herein set forth following the Original Contract Debt Termination Date and, if other than an Original Contract Power Purchaser (referred to as an “Additional Power Purchaser”), such Additional Power Purchaser desires to purchase such Electric Products on the terms and conditions herein set forth from and following the Original Contract Debt Termination Date; and

WHEREAS, the Replacement Contract Power Purchaser is authorized to enter into this Contract pursuant to the provisions of the Act, as hereinafter defined.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND EXPLANATIONS OF TERMS.

The following terms for all purposes of this Contract shall have the following meanings:

The Act shall mean Chapter 101a of Title 7 of the General Statutes of Connecticut, as amended.

Additional Power Project shall mean any interest in, or contract right to, the Electric Products acquired by CMEEC pursuant to Section 5 of this Contract which makes the Electric Products available to CMEEC. Additional Power Project shall also be deemed to include any costs incurred by CMEEC with respect to any Financial Contracts.

Additional Power Project shall not include the Electric Products procured by CMEEC pursuant to Sub-section 2.2 hereof as part of CMEEC's Short and Intermediate Term Power Supply Program.

Additional Power Purchaser shall mean any Power Purchaser of Electric Products from CMEEC under a RPSC other than the Original Contract Power Purchasers.

Administration Cost shall mean administrative and general costs of CMEEC, other than administrative and general costs related to a Power Project which are included in Fixed Costs, which are directly related to the operations and maintenance of CMEEC and CMEEC assets under this Contract, including working capital and financial assurance amounts, as solely determined by CMEEC.

Annual Budget shall mean the budget prepared annually by CMEEC and approved by the CMEEC Board pursuant to Section 24 and Section 9 hereof.

Bond Resolution shall mean (i) the Power Supply System Revenue Bond Resolution adopted by the Board on September 23, 1993, and all amendments and supplements thereto adopted in accordance with the provisions thereof and (ii) any other instrument adopted or executed by CMEEC which provides for the security or payment of the Bonds.

Bonds shall mean the Indebtedness and Financial Contracts outstanding under, and secured by, any Bond Resolution.

Board shall mean the Cooperative Utility Board of CMEEC.

CMEEC shall mean the Connecticut Municipal Electric Energy Cooperative, a public body corporate and politic of the State of Connecticut, and its successors and assigns.

CMEEC Power Procurement and Risk Management Policy shall mean the power procurement and risk management policies adopted by the Board, as amended, for the procurement of Electric Products, other than Power Projects, to satisfy the Electric Obligations of the Power Purchasers as further described in Sub-section 2.2 hereof.

CMEEC Transmission Bond Resolution shall mean the Transmission Services Revenue Bond Resolution, adopted by CMEEC on ____, 2012, as supplemented and amended.

Contract shall mean this Replacement Power Sales Contract and is used interchangeably with RPSC, as the same may be amended from time to time.

Credit Rating shall mean the credit rating issued by a (US) nationally recognized credit rating agency with respect to the unsecured senior debt of the applicable entity.

Currently Outstanding Indebtedness shall mean the Indebtedness of CMEEC outstanding as of the First Effective Date, which as of such date is scheduled to mature on or before ____ 2021, but not including any Indebtedness issued in connection with the CMEEC

Transmission Bond Resolution or which is secured by the GTSAs. The Currently Outstanding Indebtedness, by issuance date, amount and maturity repayment schedule is listed in Exhibit B attached hereto.

Debt Service shall mean, with respect to any period, the aggregate of the amounts required by any Bond Resolution to be paid or deposited during said period into any fund or account created by such Bond Resolution for the sole purpose of paying the principal (including sinking fund installments) of, premium, if any, and interest on all Bonds from time to time outstanding as the same shall become due.

Electric Obligations shall mean the obligations incurred by entities with responsibility for serving electric load, excluding Transmission Services supplied under the GTSAs, which are required under separate agreements or by regulation, including but not limited to the ISO-NE Participants Agreement, Market Participant Service Agreement and the ISO-NE Tariff, including, but not limited to: Day Ahead and Real Time Energy Load Obligations, Capacity Load Obligations, Real Time and Forward Reserve Charge Obligations and Net Commitment Period Compensation Charge Obligations, including such support services provided by CMEEC as are necessary to manage and achieve the overall operational and financial scope of CMEEC. Capitalized terms used in this definition shall have the meanings given to such terms in the ISO-NE Tariff.

Electric Products shall mean the electric products, transactions, and agreements, other than Transmission Services, entered into by CMEEC to manage and partially or fully hedge the costs incurred in meeting the Electric Obligations of the Power Purchasers, including support services necessary to manage and achieve the overall operational and financial scope of CMEEC.

Entitlement Allocation shall mean the percentage of contractual right to the benefits and obligations arising from the burdens acquired by the Power Project Participant in each Power Project. Each Power Project shall consist of an aggregate Entitlement Allocation of 100 percent. The burdens include the party's obligation to pay the percentage of a Power Project's Fixed Costs in the amount of its Entitlement Allocation as set forth in this Agreement; the benefits include the party's right to receive revenue or other benefits in the percentage of its Entitlement Allocation resulting from the Power Project. Exhibit I to this Contract shall set forth the Entitlement Allocation of each Project Participant for each Power Project, as the same may be amended from time to time, and as provided in each of such Replacement Power Supply Contract. The Entitlement Allocation of the Power Purchaser in each Power Project may vary from Power Project to Power Project...

Events of Default shall mean without further reference, refers to both Replacement Contract Power Purchaser Events of Default, as defined in Section 18, and CMEEC Events of Default, as defined in Section 21.

Existing Power Project(s) shall mean each, when referred to individually, and all, when referred to collectively, the Power Projects existing with pre-defined Entitlement Allocations as of the First Effective Date. The Existing Power Projects are listed in Exhibit C, attached hereto.

Federal Tax Exemption shall mean the exclusion from Federal income taxation of interest paid or to be paid on the Bonds.

Financial Contract shall mean, to the extent, CMEEC is permitted by law to enter into the same, (I) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement or futures contract, (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, stock or other indices, (iii) any contract to exchange cash flows or payments or a series of payments, (iv) any type of contract, including, without limitation, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, fuel supply, energy, commodities or any other financial risk, or (v) any other type of contract or arrangement which CMEEC, evidenced by a resolution of the Board, determines is to be used, or is intended, to manage or reduce the cost of debt, to convert any element of debt from one form to another, to minimize investment return risk, or to protect against any type of financial or investment risk or uncertainty.

First Effective Date shall mean the date first above written.

Fixed Costs shall mean, with respect to each Time Period, all costs attributable to each Power Project, that are paid or incurred by CMEEC during such Time Period resulting from the ownership, operation, maintenance, retirement, decommissioning, termination of, and repairs, renewals, replacements, additions, improvements, betterments and modifications to, each Power Project, including without limitation, the following items of cost:

- (i) the amount required under any Bond Resolution to be paid or deposited during such Time Period into any fund or account established by such Bond Resolution for the payment of Debt Service on Bonds;
- (ii) the amount required under any Bond Resolution to be paid or deposited during such Time Period into any fund or account established by such Bond Resolution (other than funds and accounts referred to in clause (i) above), including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (i) above;
- (iii) any amount which CMEEC may be required during such Time Period to pay for the prevention or correction of any unusual loss or damage or for renewals, replacements, repairs, additions, improvements, betterments, and modifications which are necessary to keep the Power Projects in good operating condition or to prevent a loss of revenues therefrom or necessary to provide for retirement or termination of the Power Projects;
- (iv) the costs of operating and maintaining the Power Projects and of producing output therefrom during such Time Period not included in the costs specified in the other items of this definition;

(v) the amount required under any Bond Resolution to be paid or deposited during such Time Period into any fund or account established by such Bond Resolution or otherwise for the payment of principal and premium, if any, and interest on the Bonds;

(vi) all costs and expenses relating to injury and damage claims required to be paid by CMEEC in connection with the ownership or operation of the Power Projects;

(vii) any additional amount which must be realized by CMEEC during such Time Period in order to meet the requirement of any rate covenant of any Bond Resolution with respect to Debt Service coverage;

and

(ix) administration costs which are directly related to any Power Project under this Contract, including working capital and financial assurance amounts, as solely determined by CMEEC.

General Transmission Services Contracts or GTSAs shall mean the contracts between CMEEC and the Power Purchasers which provides for, among other matters, the supply by CMEEC of and payment by the Power Purchasers for the Transmission Services as are required to deliver the Electric Products to the Power Purchasers, including the Replacement Contract Power Purchaser.

Indebtedness shall mean all indebtedness in respect of borrowed money, whether or not represented by bonds, debentures, notes or other securities, and all contracts, guaranties, assumptions and other contingent obligations in respect of, or to purchase or otherwise acquire, indebtedness of others in respect of borrowed money.

ISO-NE shall mean the Independent System Operator for the New England area, or its successor entities, which is responsible for promoting and administering the wholesale electric market in New England.

ISO-NE Tariff shall mean the FERC-approved and/or regulated tariffs, market rules and procedures, as amended, adopted by ISO-NE for its administration of Electric Product-related markets and supply.

Member Margins shall mean all revenues net of expenses earned by CMEEC from products and services provided to entities which are not Members of CMEEC, or from products and services provided to Members that are not Electric Products or related to the provision of Transmission Services supplied under the GTSAs.

Member shall mean each of the City of Groton, Connecticut, the City of Norwich, Connecticut, the Borough of Jewett City, Connecticut, the Second Taxing District of the City of Norwalk, Connecticut and the Third Taxing District of the City of Norwalk, Connecticut, each acting by and through its municipal electric utility, and any additional entity who shall be eligible and shall become a Member of CMEEC pursuant to the Act.

Original Power Supply Contracts shall mean the Restated and Amended Contracts For Supply of Power and Energy, dated as of _____, 2000, between CMEEC and the Members, as amended up to and including the First Effective Date.

Original Contract Debt Termination Date shall mean the earlier of (a) _____, 2021, the date on which the Currently Outstanding Indebtedness is scheduled to mature, or (b) such earlier date upon which the Currently Outstanding Indebtedness is actually repaid, in accordance with its terms, prior to such maturity date.

Power Projects shall mean (i) the Existing Power Projects and (ii) all Additional Power Projects.

Power Project Participant shall mean a Power Purchaser which has acquired an Entitlement Allocation in one or more Power Projects.

Power Purchasers shall mean the parties, including the Replacement Contract Power Purchaser, other than CMEEC, to the Replacement PSCs substantially similar hereto and any additional Power Purchaser pursuant to Section 25 of this Contract.

Power Purchaser's Entitlement Allocation shall mean with respect to the Existing Power Projects and each Additional Power Project, the percentage set forth opposite the name of the Replacement Contract Power Purchaser, and, if and to the extent applicable, each of the other Power Purchasers, in Exhibit I to this Contract, as such percentage may be adjusted from time to time in accordance with the provisions of Section 4 of this Contract and as provided in definition of Entitlement Allocations.

Power Purchaser's Project Administration Cost Allocation shall mean with respect to the Replacement Contract Power Purchaser, and, if and to the extent applicable, each of the other Power Purchasers, and with respect to any Time Period, the sum determined for such Time Period by multiplying the specific project related Administration Cost for such Time Period by the applicable Power Purchaser's Entitlement Allocation.

Power Purchaser's Fixed Costs Allocation shall mean, with respect to the Replacement Contract Power Purchaser and, if and to the extent applicable, each of the other Power Purchasers, and with respect to any Time Period, the sum determined for such Time Period derived by multiplying the Fixed Costs for each of the Power Projects for such Time Period times the applicable Power Purchaser's Entitlement Allocation for each Project.

Prudent Utility Practice at a particular time means any of the practices, methods and acts, which, in the exercise of reasonable judgment in the light of the facts (including but not limited to the practices, methods and acts engaged in or approved by a significant portion of the electrical utility industry prior thereto) known at the time the decision was made, would have been expected to accomplish the desired result at the lowest reasonable cost consistent with reliability, safety and expedition. Prudent Utility Practice is not intended

to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be a spectrum of possible practices, methods or acts. In evaluating whether any matter conforms to Prudent Utility Practice, the parties shall take into account (i) the nature of the parties hereto under the laws of the State of Connecticut and the statutory duties and responsibilities thereof, (ii) the applicable provisions of the NEPOOL Agreement or the ISO-NE Tariff, if any, and (iii) in the case of any facility jointly owned, the applicable ownership agreement among the owners of the facility.

PSC Revenue Requirements shall mean all operating and other expenses of CMEEC other than Fixed Costs and Administration Costs and Transmission Costs and shall include the costs incurred by CMEEC in connection with the CMEEC Short and Intermediate Term Power Supply Program.

Replacement Power Sales Contracts or “RPSCs” shall mean this Replacement Power Sales Contract, the other Replacement Power Sales Contracts, dated the date hereof, between CMEEC and the other Power Purchasers, in each case as the same may be amended from time to time and any other power sales contract with any additional Power Purchasers pursuant to Section 25 of this Contract.

Second Effective Date shall have the meaning afforded to such term by Sub-section 13.2 hereof.

Time Period shall mean a standard unit of calendar time as used to execute the applicable terms and conditions of this Contract efficiently and effectively and as it may change during the term of this Contract, currently monthly.

TRANSCO shall mean shall mean the Connecticut Transmission Municipal Electric Energy Cooperative, a public body corporate and politic of the State of Connecticut, and its successors and assigns.

Transmission Costs shall mean those costs charged by CMEEC under the GTSA for the provision of Transmission Services to the Power Purchasers.

Transmission Services shall mean those transmission related services supplied to the Power Purchasers pursuant to the GTSA.

Uncontrollable Forces shall mean any cause beyond the control of the party affected, including, but not limited to, failure of facilities, flood, earthquake, storm, lightning, fire, epidemic, war, riot, civil disturbance, sabotage, and restraint by court or public authority, which by due diligence and foresight such party could not reasonably have been expected to avoid. Either party rendered unable to fulfill any obligation by reason of uncontrollable forces shall exercise due diligence to remove such inability with all reasonable dispatch.

Wallingford shall mean the Town of Wallingford, Connecticut, and its successors and assigns.

Year shall mean the twelve-month commencing on January 1 and ending on December 31, unless the Board determines another twelve time period.

SECTION 2. SALE AND PURCHASE OF ELECTRIC PRODUCTS.

2.1. CMEEC shall sell and deliver to the Replacement Contract Power Purchaser, and the Replacement Contract Power Purchaser shall purchase and receive from CMEEC, all Electric Products which the Replacement Contract Power Purchaser shall require to meet the total Electric Products requirements of the Replacement Contract Power Purchaser in the Replacement Contract Power Purchaser's authorized service area, to the extent that CMEEC shall have such Electric Products available, except as otherwise provided in Section 13 hereof; provided, however, that the Replacement Contract Power Purchaser's obligation to purchase and receive such Electric Products from CMEEC may be reduced by the Electric Products of any electric generating facilities of the Replacement Contract Power Purchaser in service as of the date of the Original Power Supply Contracts, or aggregate capacity not exceeding ten (10) MW of new hydro-electric generating facilities of the Replacement Contract Power Purchaser where any such generating facilities have not been assigned to CMEEC. A list of such facilities is included as Exhibit D attached hereto. Nothing herein shall be deemed to prevent the Replacement Contract Power Purchaser from acquiring, constructing, or owning generation facilities, or acquiring Electric Products from any generation facilities in the authorized service area of the Replacement Contract Power Purchaser; so long as the Electric Products provided from such generating facility shall be sold outside the authorized service area of the Replacement Contract Power Purchaser at wholesale to a third party or are assigned to CMEEC under terms mutually agreed upon as evidenced by a resolution of the Board and the Replacement Contract Power Purchaser's governing body, with the arrangements for such assignment reflecting market prices and conditions at the time of such assignment. The Electric Products provided from each such generating facility referred to in the previous sentence shall not reduce the requirement to purchase and receive Electric Products from CMEEC pursuant to this Section 2.1.

2.2. CMEEC's Forward Contract Power Supply Program. In order to satisfy its obligations to the Replacement Contract Power Purchaser, in addition to the Electric Products supplied from the Power Projects, CMEEC shall engage in a program to arrange for and procure the forward purchase of the requirements for Electric Products of the Replacement Contract Power Purchaser pursuant to CMEEC's Power Supply Procurement and Risk Management Policy, which shall entail purchases of Electric Products for forward delivery, not extending for more than five (5) Years following the date on which the purchase is committed to by CMEEC, and may include any Financial Contracts or Credit Obligations related thereto, but not entailing the issuance of Indebtedness. CMEEC shall include the revenues and costs of the CMEEC Forward Contract Power Supply Program in the Annual Budget prepared and approved pursuant to Sections 9 and 24 hereof and shall provide monthly reports, in reasonable detail, to the Replacement Contract Power Purchaser regarding CMEEC's Short and Intermediate Term Power Supply Program. The costs incurred by CMEEC in connection with the

CMEEC Short and Intermediate Term Power Supply Program shall be deemed part of
PSC Revenue Requirements.

2.3. The Replacement Contract Power Purchaser hereby agrees to pay for all Electric Products which are furnished to the Replacement Contract Power Purchaser pursuant to this Section 2, in accordance with the provisions of Subsection 3.1 and Subsection 3.2. of this Contract.

2.4. CMEEC shall sell and deliver to the Replacement Contract Power Purchaser at the point or points of delivery set forth in Attachment A hereto, as may be amended from time to time, and the Replacement Contract Power Purchaser shall purchase and receive from CMEEC, the Electric Products which the Replacement Contract Power Purchaser purchases or is required to purchase from CMEEC pursuant to this Contract.

2.5. The Replacement Contract Power Purchaser, if otherwise authorized to do so, shall be permitted to participate and vote through its representatives in any decisions to be made by CMEEC or the Board in the administration, performance and/or enforcement of this Contract as and to the extent provided under the Act and the duly adopted by-laws and policies of CMEEC, provided and only if such Replacement Contract Power Purchaser is not then in default under this Contract.

SECTION 3. PAYMENT OF FIXED COSTS, RATES, AND CHARGES.

3.1. The Replacement Contract Power Purchaser shall pay CMEEC for all Electric Products delivered each Time Period pursuant to Subsections 2.1 and 2.2 of this Contract in the manner and at the times provided in Section 9 of this Contract, at the rates, charges or formulae for payment established pursuant to Subsection 3.3 of this Contract and on the terms and conditions set forth in Attachment B, as the same may be revised from time to time in accordance with the provisions of Subsection 3.6 of this Contract.

3.2. In addition to its obligations under Subsections 2.1 and 2.2 of this Contract, the Replacement Contract Power Purchaser shall also pay the Power Purchaser's Administration Cost Allocation and the Power Purchaser's Fixed Cost Allocation for the prior Time Period, applicable to the Replacement Contract Power Purchaser, based upon the Annual Budget prepared pursuant to Section 24 of this Contract at the times provided in Section 9 of this Contract. The Power Purchaser's Administration Cost Allocation and Fixed Cost Allocation, applicable to the Replacement Contract Power Purchaser, shall each be listed as a separate line item of the invoice for each Time Period furnished to the Replacement Contract Power Purchaser by CMEEC. The Replacement Contract Power Purchaser's obligation to pay the Power Purchaser's Administration Cost and Power Purchaser's Fixed Cost Allocation, applicable to such Replacement Contract Power Purchaser, shall be absolute and unconditional and shall be payable irrespective of whether any Electric Products are received from, or delivered by, CMEEC hereunder and any such payment shall not be subject to any reduction, whether by offset, counterclaim or otherwise, and shall not be conditioned upon the performance by CMEEC under this Contract or any other agreement or instrument.

3.3. The Board by resolution shall set the rates and charges or provide a formula for payment for Electric Products furnished pursuant to Subsections 2.1 and 2.2 of this Contract and under the other Replacement Power Sales Contracts, and, if necessary, shall revise such rates, charges and formulae so that it shall produce revenues in each Time Period which shall be sufficient, but only sufficient, together with other available revenues of CMEEC to meet the estimated PSC Revenue Requirements for such Time Period which PSC Revenue Requirements shall be based upon the Annual Budget prepared pursuant to Section 24 of this Contract. Such PSC Revenue Requirements shall be in addition to the recovery of Fixed Costs and Administration Costs as provided in Subsection 3.2. Each service or function provided by CMEEC to the Power Purchasers shall be supplied to and charged for on a basis that is equitable for all parties and shall be available to all Power Purchasers. Each such service or function may have a separate rate, charge or other formula for providing for payment and each Power Purchaser may have a different rate, charge or formula so long as such different rate, charge or formula is cost based and does not shift PSC Revenue Requirements inequitably among Power Purchasers and does not discriminate among Power Purchasers without cost based justification, which justification may include, without limitation, differences in load characteristics or services among the Power Purchasers or for providing payment by a Power Purchaser for a service to a Power Purchaser which is unique to specific retail customers of such Power Purchaser. Said rates, charges or formula shall be set forth and/or adjusted as provided in Attachment B (Rate 9).

3.4. Within thirty (30) days after the completion of CMEEC's annual audit, (commencing with the Year following the Year in which this Contract becomes effective) CMEEC will furnish the Replacement Contract Power Purchaser a statement of the aggregate Fixed Costs, Administration Costs and PSC Revenue Requirements for the previous Year and any adjustment or credit thereto, and the Replacement Contract Power Purchaser's share thereof. If on the basis of the statement submitted as provided in this Subsection 3.4, the actual Fixed Costs, Administration Costs, and PSC Revenue Requirements for all the Time Periods of the previous Year and any adjustments or credits thereto exceed or are less than the estimate thereof on which the Replacement Contract Power Purchaser has been billed the amount of the deficiency or excess in Fixed Costs and Administration Costs shall be added or credited, as the case may be to the Replacement Contract Power Purchaser's billing statements during the current Year based upon Entitlement Allocations and the amount of any deficiency or excess in the PSC Revenue Requirements shall be added or credited, as the case may be, to the Replacement Contract Power Purchaser's future billing statements until such deficiency or excess is settled, as CMEEC shall determine by resolution of the Board. Any adjustment or credit pursuant to the previous sentence is subject to the provisions of Section 12.

3.5. CMEEC shall apportion to the Replacement Contract Power Purchaser any rate stabilization monies heretofore collected and held by CMEEC as of the date of this Contract for and on account of the Replacement Contract Power Purchaser. Any rate stabilization monies collected and held by CMEEC after the Original Contract Termination Date shall be apportioned to the Replacement Contract Power Purchaser in such manner as is deemed equitable by CMEEC and the Replacement Contract Power

Purchaser consistent with an approved policy of CMEEC as set forth in a resolution of the Board. Such monies may, among other things, be held for the future benefit of the Replacement Contract Power Purchaser, or returned to the Replacement Contract Power Purchaser or may be applied by CMEEC to reduce the Power Purchasers' Fixed Cost Allocation and the Power Purchasers' Administration Cost Allocation, in each case as applicable to the Replacement Contract Power Purchaser, in such manner and upon such terms as the Replacement Contract Power Purchaser and CMEEC may agree consistent with an approved policy of CMEEC as set forth in a resolution of the Board.

3.6. CMEEC shall cause a notice in writing to be given to all Power Purchasers which shall set out each proposed revision of the rates, charges and formulae established in accordance with Subsection 3.3 of this Contract, with the effective date thereof, to be determined by resolution of the Board. Any rate, charge and formulae established may be subject to credits and debits which are not applicable to all the Power Purchasers. The Replacement Contract Power Purchaser agrees that the rates, charges and formulae providing for payment from time to time established in accordance with Subsection 3.3 of this Contract by resolution of the Board shall be deemed to be substituted for the rates, charges and formulae herein provided in Attachment B (Rate 9) and agrees to pay for Electric Products furnished by CMEEC to the Replacement Contract Power Purchaser pursuant to Subsections 2.1 and 2.2 of this Contract after the effective date of any revisions at such revised rates, charges and formulae. The establishment of such revised rates, charges or formulae, including any credits or debits thereto established by the CMEEC, shall be deemed conclusively to be valid and binding upon the Replacement Contract Power Purchaser.

3.7. The obligation of the Replacement Contract Power Purchaser to make payments for Electric Products furnished pursuant to this Contract shall not be subject to any rights of setoff, recoupment or counterclaim, which the Replacement Contract Power Purchaser shall otherwise have against CMEEC.

SECTION 4. TRANSFER OF ENTITLEMENT ALLOCATIONS.

4.1. General Provisions for Structured Process for Transfer of Entitlement Allocations. The process for the transfer of Entitlement Allocations is set forth in this Section 4 and shall be the sole method by which Entitlement Allocations may be transferred (the "Transfer Process"). The party transferring its Entitlement Allocation is referred to as the "Seller". The entity to which the Entitlement Allocation is transferred is referred to as the "Purchaser". A Purchaser must be a Qualified Entity as set forth in Section 4.3. A party, which is or goes into or creates a Replacement Contract Power Purchaser Event of Default under its respective RPSC at any time during the transfer process, may not be a Purchaser or a Seller. If at any time during the Transfer Process a Purchaser or Seller incurs an event of default under its respective RPSC, the Transfer Process shall cease and be void, but may be reinitiated after the default has been cured. A Seller may elect to transfer its Entitlement Allocation at any time during the term of this Agreement. A Seller may transfer its Entitlement Allocation in all or less than all of the Projects in which it has an Entitlement Allocation, and may transfer less than all of its Entitlement Allocation in any one Power Project. The Transfer Process is intended,

generally, to: i) authorize the sale of an Entitlement Allocation to any Qualified Entity of the Seller's choosing after notice and opportunity to other Power Purchasers is provided and in accordance with this section four; ii) ensure that the obligations and benefits of the Entitlement Allocation transferred by the Seller become the obligations and benefits of the Purchaser to the same extent they were of the Seller, iii) authorize the transfer of Entitlement Allocations while maintaining or improving the ability of CMEEC to finance its activities, pledge the RPSC and other agreements to secure the Bonds and Financial Contracts, and (iv) subject to the provisions of (i) through (iii), allow the Seller and Purchaser to supplement the terms of the purchase and sale of the Entitlement Allocation with other economic incentives of their choosing completely outside the scope of and without effect on the RPSC and other Power Purchasers. This Section 4 shall be the exclusive authority and process for transferring the Replacement Contract Party's Entitlement Allocations.

4.2.1. Elective Transfer of Full or Partial Entitlement Allocation. The Seller shall give to CMEEC and to each Power Purchaser fifteen (15) days' notice, or such longer period as determined by the Seller uniformly applied across all Power Purchasers, of its intent to sell its Entitlement Allocation. Notice shall be sent to the Power Purchasers' representatives on file with CMEEC by facsimile and e-mail. The first day of the notice period shall commence with the day following the day the notice was sent and end on 5 PM on the fifteenth day thereafter. Prior to the expiration of the notice period, the Power Purchasers may indicate to the Seller their interest to acquire the Entitlement Allocation set forth in the notice. The Seller may then negotiate and consummate terms and conditions with the Purchaser of its choosing, subject to the provisions of this RPSC. The transfer shall require the Purchaser to assume all of the Seller's obligations with respect to the transferred Entitlement Allocations, to receive all of the corresponding economic benefits associated with such Entitlement Allocations, and if not a party to a RPSC, enter into a RPSC, with terms and conditions substantially equivalent to this RPSC, including an expiration date that is the same as the existing RPSCs, with respect to the transferred Entitlement Allocation, which CMEEC will negotiate in good faith with respect to such party provided such party is a Qualified Entity as further defined in Sub-section 4.3 below. Nothing herein shall prohibit the Seller and Purchaser from entering into agreements providing for other payments and consideration, provided they shall not affect, control, be binding upon, set-off, provide rights in or to, or otherwise impact CMEEC, other Power Purchasers, and the terms and conditions of any RPSC, the manner or amount of payments due to or from any Power Purchasers, CMEEC, Transco, Power Purchasers, Transmission Purchasers under their respective GTSAs or other parties to or the terms of the transactions, agreements or bond resolutions contemplated by or referenced in this Agreement, and the agreements providing for other payments and consideration shall so specifically state. The terms and conditions of the Purchase and Sale by and between the Seller and Purchaser other than set forth herein shall remain confidential to the Purchaser and Seller except as otherwise required pursuant to applicable law, and such other payments or consideration shall be processed and settled outside this Contract and without the involvement of CMEEC and/or TRANSCO.

4.2.2. Final Settlement of Elective Transfer of Entitlement Allocations. Prior to the transfer of an Entitlement Allocation the Purchaser shall demonstrate through closing documentation satisfactory to CMEEC and its legal counsel that the conditions of Section

4 have been met. Exhibit I shall be revised to reflect the transfer by subtracting the transferred Entitlement Allocation from the Seller and adding it to the Purchaser or Purchasers.

4.2.3. Transfer Settlement for Elective Transferor. CMEEC shall charge the Seller with all costs and expenses incurred by CMEEC pursuant to this Section 4 related to the transfer of the Purchaser's Entitlement Allocation(s).

4.3. Conditions to Transfer; Qualified Entity Definition; Qualified Financial Advisor Definition. Any entity eligible to be a Purchaser pursuant to this Section 4 (a "Qualified Entity") shall satisfy the following conditions prior to any such transfer becoming effective: (i) CMEEC shall obtain an opinion of legal counsel of national standing selected by CMEEC to the effect that the Federal Tax Exemption will not be adversely affected by a transfer of Entitlement Allocation to such entity; (ii) such entity, with such reasonable assistance from CMEEC as may be appropriate as determined by CMEEC, shall secure a determination by a nationally recognized credit rating agency that the proposed transfer shall not adversely affect the Credit Rating of any then outstanding Bonds; (iii) such entity is otherwise legally authorized and permitted to acquire the Entitlement Allocation(s) in the Power Project(s) subject to transfer; and (iv) such entity shall enter into such agreements with CMEEC as are required or appropriate as determined by CMEEC to legally obligate it to pay for the Fixed Costs associated with the Entitlement Allocation which the Qualified Entity has agreed to assume pursuant to the transfer to it of such Entitlement Allocation. In connection with clause (i) of this subsection, at the request and sole expense of either or both of the Purchaser and Seller, and at the sole and absolute discretion of CMEEC, CMEEC may consider or undertake remedial action pursuant to 26 C.F.R. section 1.141-12 or any subsequent or other rules or regulations applicable to the change in use, remedial action or preservation of tax exemption, to implement the transfer of the Entitlement Allocation in compliance with or as an alternative to the requirements of clause (i). CMEEC shall exercise its reasonable judgment in the administration of this section and shall not unreasonably withhold its consent to the determination of eligibility of a Qualified Entity or to the entry into a RPSC by such Qualified Entity, constituting a Purchaser, provided the provisions of this Section 4 are complied with by the Seller and Purchaser.

4.4. Replacement Contract Power Purchaser as Transferee. If the Replacement Contract Party Power Purchaser is the Purchaser of an Entitlement Allocation in a Power Project from another Power Purchaser pursuant to parallel provisions of this Section 4 under such Power Purchaser's RPSC, Exhibit I to this Contract shall be amended to reflect the results of such purchase and the Replacement Contract Power Purchaser, as the Purchaser, shall comply with and satisfy all the requirements of this Section 4 applicable to such transfer, including its responsibility and obligation to pay for the Fixed Costs associated with such Entitlement Allocation assumed by the Purchaser in such transfer as provided in this Section 4.

4.5. Obligation of Seller Post Transfer. Except as otherwise provided in Section 13, the Seller of an Entitlement Allocation pursuant to this Section 4 shall remain liable for all payments to be made on its part pursuant to this Contract accruing to the account of the Seller with respect to such transferred Entitlement Allocation prior to the transfer of such Entitlement Allocation to the Purchaser.

SECTION 5. ADDITIONAL POWER PROJECTS.

5.1. CMEEC and the Replacement Contract Power Purchaser shall advise each other of any new power resources or Financial Contracts which could be an Additional Power Project. CMEEC shall review the feasibility of acquiring such new power resource or entering into such Financial Contracts and provide such information to all Power Purchasers. The Replacement Contract Power Purchaser shall have the option to purchase an allocation of the Electric Products for each Additional Power Project.

5.2. The initial acquisition of each Additional Power Project and the inclusion of the costs of any such Additional Power Projects in Fixed Costs obligations, and in PSC Revenue Requirements, shall occur, provided one hundred per cent (100%) of each such Additional Power Project is fully subscribed to and: (i) all the Power Purchasers agree to subscribe for and purchase the Electric Products of such Additional Power Project; or (ii) the Power Purchasers subscribing to the Additional Power Project, are Members, and were responsible for payment of at least 75% of the aggregate of the Fixed Cost obligations allocated to the Members for all Existing and established Additional Power Projects, if any, as set forth in Section 3 for the previous Year; or (iii) any other agreed participation by the Power Purchasers in each such Additional Power Project and other Qualified Entities, as defined in Sub-section 4.3, provided that, CMEEC receives a confirmation of the current Credit Rating(s) of the Bonds from one of the national credit rating agencies rating the Bonds based on the proposed participation in the Additional Power Project. The acquisition of each Additional Power Project by CMEEC shall be approved by resolution of the Board. Nothing in this Sub-section 5.2 shall be deemed to prevent the subsequent transfer of Entitlement Allocations, following the initial acquisition of a Power Project, which are effected in conformity with Section 4 hereof.

5.3. CMEEC shall include the costs of each Additional Power Project in Fixed Costs and shall include the Entitlement Allocations for the Additional Power Project in Exhibit I to this Contract.

5.4. Nothing contained herein shall be deemed to preclude CMEEC from acquiring a new power resource or financial contract for the sole benefit of the Replacement Contract Power Purchaser or other Power Purchasers pursuant to a contract separate and apart from the applicable Replacement PSCs.. Each such new power resource or financial contract shall be made available to all Power Purchasers.

SECTION 6. COVENANTS OF CMEEC.

6.1. After first satisfying the electric service requirements of all Power Purchasers pursuant to the Replacement PSCs, as such requirements are established from time to time, CMEEC shall endeavor to market and dispose of, under such terms and conditions as the Board in its sole discretion, deems appropriate, any and all surplus Electric Products which it acquires, owns or produces or which CMEEC is obligated by contract to purchase.

6.2. CMEEC shall use its best efforts to provide a constant and uninterrupted supply of Electric Products hereunder. If through Uncontrollable Forces, the supply of Electric Products shall fail, or be interrupted, or become defective, CMEEC shall not be liable therefore or for damages caused thereby.

6.3. CMEEC shall make all reasonable efforts to obtain sufficient Electric Products for the Replacement Contract Power Purchaser at the most favorable terms available.

SECTION 7. COVENANTS OF REPLACEMENT CONTRACT POWER PURCHASER.

7.1. The Replacement Contract Power Purchaser agrees to maintain rates for electric services furnished to its municipal electric utility customers which, together with other available funds, will provide to the Replacement Contract Power Purchaser revenues sufficient to meet its obligations to CMEEC under this Contract without limitation, any adjustment in rates, charges or any formula for payment pursuant to Section 3 of this Contract, and to pay all other obligations payable from, or constituting a charge or lien on, such revenues, including without limitation, all of the Replacement Contract Power Purchaser's costs of operation and maintenance of its municipal electric utility (including, without limitation, replacements, insurance, administrative and general overhead expense).

7.2. The Replacement Contract Power Purchaser agrees that it shall at all times operate or cause to be operated its municipal electric utility properly in an efficient and economical manner, consistent with good business and Prudent Utility Practice, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of its municipal electric utility may be properly and advantageously conducted in accordance with Prudent Utility Practice.

7.3. The Replacement Contract Power Purchaser agrees that it shall not sell, or otherwise dispose of all or substantially all of its municipal electric utility system or electric facilities, if applicable, which utilize the Electric Products supplied hereunder except with ninety (90) days prior written notice to CMEEC and, in any event, shall not so sell or otherwise dispose of the same unless the following conditions shall be met: (i) the Replacement Contract Power Purchaser shall assign this Contract and all of its rights, title and interest hereunder to such Power Purchaser of said municipal electric utility system

or facilities, and such the prospective Power Purchaser assignee shall assume all obligations of the Replacement Contract Power Purchaser under this Contract; (ii) such prospective Power Purchaser is a political subdivision or a municipal corporation or otherwise is a Qualified Entity as defined in Sub-section 4.3 hereof or CMEEC may consider or undertake remedial action in the manner set forth in Sub-section 4.3 at the request and sole cost of the Replacement Contract Power Purchaser or the Purchaser of the Entitlement Allocations of the Power Purchaser, provided CMEEC's tax exemption and the tax exempt status of the Bonds is not thereby adversely affected; and (iii) an independent engineer or engineering firm of national reputation generally recognized to be well qualified in matters relating to electric power and energy systems, selected by CMEEC, and paid by the Replacement Contract Power Purchaser, shall deliver an opinion, which may be based on assumptions deemed reasonable by such engineer or engineering firm that such prospective Power Purchaser is reasonably able to charge and collect rates and charges in the then current and each future year for the electric services of its electric utility system or electric facilities as shall be required to meet its obligations under this Contract and to pay any and all other amounts payable from or constituting a charge and lien upon such revenues; and CMEEC shall by appropriate action determine (which determination shall not be unreasonably withheld) that such sale or other disposition will not adversely affect the value of this Contract as security for the payment of the Indebtedness of CMEEC issued or incurred in connection with its obligations under the Power Sales Contracts.

7.4. The Replacement Contract Party Power Purchaser agrees that it shall provide and maintain the sites, equipment, and facilities which it is required to provide and maintain pursuant to Attachment A hereto.

7.5. The Replacement Contract Power Purchaser shall not issue bonds, notes, or other evidences of indebtedness payable from and secured by a lien on the revenues derived from the ownership or operation of its electric system without providing for the payment of operating expenses (including payments to be made under this Contract) from such revenues ahead of debt service on such bonds, notes or other evidences of indebtedness.

7.6. The Replacement Contract Power Purchaser shall not execute or adopt any instrument securing bonds, notes, or other indebtedness payable from and secured by a lien on the net revenues derived from the ownership or operation of its electric system unless such instrument provides that any payments to be made under this Contract shall be payable as operating expenses of such electric system. This sub-section 7.6 shall not apply to any instrument securing bonds, notes, or other evidences of indebtedness outstanding on the First Effective Date.

7.7. The Replacement Contract Party Purchaser shall not act or fail to act in any manner which would impair or result in an impairment or adverse effect on the tax exempt status of any Indebtedness issued by CMEEC.

7.8. The Replacement Contract Power Purchaser agrees to participate in Convex and ISO-NE through CMEEC as a single integrated participant under the ISO-NE Tariff and

the controlling agreements providing for participation with such entities and further covenants to comply with the obligations and requirements of ISO-NE, the ISO-NE Tariff and the NEPOOL Agreement and any criteria, rules and standards and/or operating procedures in effect by NEPOOL or the ISO-NE through CMEEC. The Replacement Contract Power Purchaser shall have the responsibility to install or to cause the installation of equipment necessary to comply with rules and standards of NEPOOL or ISO-NE. CMEEC shall pass through any fee or penalty, assessed on the economic impact of any action taken by NEPOOL or ISO-NE, on the Replacement Contract Power Purchaser if the Replacement Contract Power Purchaser fails to comply with the requirements of the previous sentence. If the Replacement Contract Power Purchaser is a party to a GTSA with CMEEC for the delivery of the Electric Products supplied under this Contract, it shall not suffer or allow to occur a Transmission Purchaser Event of Default with respect to the performance of its obligations as a Transmission Purchaser under such GTSA, as such term is defined under the GTSA.

SECTION 8. CONDITIONS OF DELIVERY OF POWER AND ENERGY, MEASUREMENT OF POWER AND ENERGY.

Unless otherwise agreed to by CMEEC and the Replacement Contract Power Purchaser:

- (a) The points of delivery, delivery voltage and other conditions of service governing CMEEC's delivery and measurement of applicable Electric Products shall be in accordance with the Service Specifications set forth in Attachment A of this Contract, attached hereto and made a part hereof, as amended by the parties hereto from time to time. The Replacement Contract Power Purchaser may change such delivery points, delivery voltage, and conditions of service, so long as otherwise in compliance with the requirements of this Contract, from time to time, by the provision of thirty (30) days advance notice, describing any such change in reasonable detail to CMEEC, and subject to CMEEC's consent, not to be unreasonably withheld.
- (b) The Replacement Contract Power Purchaser shall have the responsibility to make and pay for all connections between its system and the system owned by or available to CMEEC at the points of delivery specified in Attachment A hereto.
- (c) Telecommunications devices and remote metering equipment shall be sufficient to provide hourly load information to CMEEC and shall be furnished, installed and maintained by the Replacement Contract Power Purchaser or any other entity mutually agreed upon at each point of delivery to the Replacement Contract Power Purchaser and access to such equipment and devices shall be provided to CMEEC or its agent as reasonably required.
- (d) Loss adjustments for delivery at voltages below transmission level and transformer losses to the low voltage side shall be as specified in the terms and conditions in Attachment B.

CMEEC shall administer the provisions under Sections 8 through 10 relating to metering and delivery requirements in a manner consistent with its administration of parallel provisions binding on the Replacement Contract Power Purchaser under the GTSA to which both entities are parties.

SECTION 9. METER READINGS AND PAYMENT OF BILLS.

9.1. The Replacement Contract Power Purchaser shall provide metering and tele-metering equipment and access to such equipment to CMEEC so that CMEEC is able to remotely read meters and invoice the Replacement Contract Power Purchaser for Electric Products furnished hereunder. Such invoices shall be due and payable to CMEEC within fifteen (15) days from date of issuance and shall become delinquent thereafter. The period following which an invoice becomes due may be increased to up to thirty (30) days from the date of issuance of the invoice before becoming delinquent provided the Replacement Contract Power Purchaser makes arrangements, reasonably acceptable to CMEEC and consistent with CMEEC's policies applicable to similarly situated Power Purchasers with respect to the working capital requirements associated with such increased period. Any amount outstanding thereafter shall accrue and include interest from the date rendered, until paid, at an annual rate of two (2) percentage points over the prime rate for commercial loans to large corporate customers then in effect at the main offices of the Wells Fargo Bank National Association, or such other lending institution as may be CMEEC's primary commercial lender.

9.2. Invoices shall be rendered by CMEEC as soon as practicable after the end of each Time Period. Invoices will include such information as may be reasonably necessary to determine the payments due for such Time Period. Pending the availability of actual data, billings may be based upon estimates developed by CMEEC, subject to true-up when actual cost data become available. Each invoice rendered under this Contract shall be subject to adjustment for any errors in arithmetic, computation, and estimation or otherwise. CMEEC shall make any such billing adjustments as promptly as practicable.

9.3. In the event the Replacement Contract Power Purchaser disputes all or any part of an invoice, the Replacement Contract Power Purchaser shall nevertheless pay the full amount of the invoice when due invoice and, within six months (6) months from the date of the invoice, shall notify CMEEC in writing the grounds on which any charges in the invoice are disputed and the amount in dispute. Disputes shall be resolved in accordance with Section 19 and interest on any unpaid portion of any invoice shall be charged or credited to the Replacement Contract Power Purchaser in accordance with Subsection 9.1. the Replacement Contract Power Purchaser will not be entitled to any adjustment on account of any disputed charges, which are not brought to the attention of CMEEC, within the time and in the manner herein specified.

9.4. CMEEC, in the exercise of its discretion, shall apply payments received from the Replacement Contract Power Purchaser against due and unpaid invoices rendered to the Replacement Contract Power Purchaser under this Contract and under the GTSA to which CMEEC and the Replacement Contract Power Purchaser are parties.

SECTION 10. METER TESTING AND BILLING ADJUSTMENT.

10.1. The Replacement Contract Power Purchaser shall test and calibrate, or cause to be tested and calibrated, meters by comparison with accurate standards at intervals of twelve (12) months to ensure as best as possible the accuracy of such meter. The Replacement Contract Power Purchaser shall also make special meter tests at any time at CMEEC's request. The costs of all tests shall be borne by the Replacement Contract Power Purchaser; provided, however, that if any special meter tests made at CMEEC's request shall disclose that the meters are recording accurately, CMEEC shall reimburse the Replacement Contract Power Purchaser for the costs of such tests. Meters registering within one-half of one percent (0.5%) above or below the calibrated standard shall be deemed to be accurate.

10.2. The readings of any meters, which are disclosed by tests to be inaccurate, shall be corrected from the period that such inaccuracy reasonably existed, as determined by CMEEC in consultation with the Replacement Contract Power Purchaser. If a meter fails to register the applicable Electric Products delivered during such period of failure shall, for billing purposes, be estimated by CMEEC from the best information available in consultation with the Replacement Contract Power Purchaser.

10.3. The Replacement Contract Power Purchaser shall notify CMEEC in advance of any meter tests so that CMEEC's representatives may be present at such meter tests.

10.4. CMEEC at its sole cost shall have the responsibility to have or cause to have the installation or modification of, or to make changes or additions to, metering equipment, including, but not limited to billing-quality metering devices and telecommunications equipment which may be reasonably required to facilitate billing under CMEEC's rate schedules.

10.5. The foregoing applies only to such meters and equipment that are under the direct control and ownership of the Replacement Contract Party or CMEEC. Should the metering equipment be furnished, installed, and monitored by an entity other than the Replacement Contract Party or CMEEC as provided for in Section 8 or this Section 10, then such meter testing shall be in accordance with the provisions prescribed by such other entity.

SECTION 11. RIGHT OF ACCESS.

Duly authorized representatives of either party hereto shall be permitted to enter the premises or have remote access to applicable information of the other party during normal business hours in order to carry out the provisions hereof.

SECTION 12. SHARING OF EXCESS REVENUES

To the extent CMEEC receives any revenues, net of expenses, attributable to the sale of Electric Products, any contractual arrangement or other service provided by CMEEC to

entities other than the Members, which constitute Member Margins and such net revenues, as determined by the Annual Budget, are required to be shared among the Members, such revenues, net of expenses, shall be shared by the Members in accordance with the allocation method for the sharing of such benefits to the CMEEC Member's as determined in the Annual Budget.

To the extent CMEEC receives any revenues, net of expenses, attributable to the sale of the output from an entire Existing Power Project or Additional Power Project (constituting "Power Project Sale Net Benefit"), CMEEC shall cause such Power Project Sale Net Benefit to be shared among the Power Project Participants by each specific Power Project sold pursuant to the Entitlement Allocations in such Power Project as set forth in Exhibit I.

SECTION 13. TERM OF CONTRACT; UNIFORMITY OF PROVISIONS.

13.1. Following execution by the Replacement Contract Power Purchaser and CMEEC, this Contract shall be binding upon the First Effective Date and shall thereafter become effective upon the Original Contract Termination Date with respect to any Power Purchaser which is also an Original Power Supply Contract Party, replacing and superseding the Original Power Supply Contract upon such date (which date shall also be known as the "Second Effective Date"),.

13.2. This Contract shall remain in effect for a period of thirty five (35) years from the Second Effective Date (the "Outside Date") and in any event shall extend until the date, if later, when all of the Indebtedness incurred under the Bond Resolution and Fixed Cost, Administration Cost, and outstanding PSC Revenue Requirement obligations of CMEEC incurred prior to the Outside Date have been paid in full and thereafter until terminated by either Party following not less than three (3) years prior written notice to the other Party of the first Party's intention to terminate; provided that CMEEC, first provide notice of the expiry of the Contract no sooner than three (3) years and no later than two (2) years prior to the Outside Date. Notwithstanding anything set forth above, CMEEC shall not incur or issue any Indebtedness for which this Contract shall comprise security with a maturity date later than December 31, 2052.

13.3. The terms and conditions of the Replacement PSCs, other than the commencement date as expressly provided in this Section 13, shall be substantially equivalent with respect to all Power Purchasers.

SECTION 14. ASSIGNMENTS.

All covenants and agreements contained in this Contract shall inure to the benefit of CMEEC and the Replacement Contract Power Purchaser and their respective successors and assigns; provided, however, that neither party may transfer or assign its interest or rights under this Contract except for the Replacement Contract Power Purchaser pursuant to Section 4 or Sub-section 7.3 of this Contract; ; provided, however, the Replacement Contract Power Purchaser acknowledges and agrees that CMEEC may assign and pledge to any trustee, other fiduciary or counterparty under any Bond Resolutions or Financial

Contracts, all or any interest in, its right, title and interest in and to the payments to be made to CMEEC pursuant to this Contract as security for the obligations under any such Bond Resolutions or Financial Contracts.

SECTION 15. TERMINATION, TERMINATION FOR FULL REQUIREMENTS ELECTRIC PRODUCTS SUPPLY OR AMENDMENT.

15.1. General Provisions. This Contract shall not be terminated by either Party under any circumstances whether based upon the default of either party under this Contract or any other instrument or otherwise except as specifically provided in this Contract. Except as provided for expressly herein, neither this Contract nor any terms hereof may be amended, supplemented, waived or modified except by an instrument in writing executed by both parties hereto. The Replacement Contract Power Purchaser recognizes that the rights of CMEEC to enter into any such amendment, supplement, waiver, or modification of the RPSC may be limited under the terms of the Bond Resolution adopted or executed in connection with CMEEC's obligations under the RPSCs.

15.2. Withdrawal by Replacement Contract Power Purchaser Terminating Full Requirements Electric Products Supply. If the Replacement Contract Power Purchaser is a Power Project Participant and desires to terminate the purchase from CMEEC of full requirements power supply under this Contract, the Replacement Contract Power Purchaser shall notify CMEEC of such termination in writing (the "Services Termination Notice") no less than [twenty-four (24)] months prior to January 1 of the first Year during which the provision of such full requirements power supply is to be terminated under this Contract (the "Termination Year"), with such termination becoming effective on January 1 of the Termination Year. Commencing with the beginning of the Termination Year, CMEEC shall thereafter supply only the Electric Products associated with the Replacement Contract Power Purchaser's Entitlement Allocation in Power Project(s) committed to by the Replacement Contract Power Purchaser and the supply of the Electric Products associated with CMEEC's Forward Contract Power Supply Program committed to by CMEEC on behalf of the Replacement Contract Power Purchaser, as part of CMEEC's full requirements obligation to provide the Electric Obligations of the Replacement Contract Power Purchaser prior to the first date of the Termination Year, notwithstanding that the delivery date for such Electric Products may occur following such. In the event of such early termination of the provision of full requirements power supply hereunder, the Replacement Contract Power Purchaser, as provided for in Section 2, if also a Power Project Participant, shall continue to be obligated to pay for its Entitlement Allocation of Fixed Costs under this Contract except and to the extent modified pursuant to the provisions of Section 4 hereof.

15.3. Withdrawing Replacement Contract Power Purchaser/Power Project Participant Request to Transfer Entitlement Allocation in Power Project Pursuant to Section 4. In the event the Replacement Contract Power Purchaser which is also a Power Project Participant desires to cease purchasing Electric Products under this Contract as provided in Sub-section 15.2, the Replacement Contract Power Purchaser

may remain a Power Project Participant as long as it remains a Qualified Entity, or may divest of any or all of its Power Project Entitlement Allocations pursuant to the provisions of Section 4. To the extent the withdrawing Replacement Contract Power Purchaser retains Entitlement Allocations in one or more Power Projects, it shall remain responsible for the Fixed Cost Obligations otherwise due with respect to participation in such Power Projects.

SECTION 16. AUTHORIZING RESOLUTION AND OPINION AS TO VALIDITY.

Upon the execution and delivery of this Contract, each party shall furnish each other with a duly certified copy of the resolution of the Board with respect to CMEEEC, and the governing body of the Replacement Contract Power Purchaser's municipal electric utility with respect to the Replacement Contract Power Purchaser, authorizing the execution and delivery of this Contract, and with respect to the Replacement Contract Power Purchaser, an opinion by an attorney or firm of attorneys qualified to practice in the State of Connecticut, and with respect to CMEEEC, an opinion of nationally recognized bond counsel in each case in form and substance satisfactory to the respective Parties to the effect that the respective Party has full legal right and power to authorize the execution and delivery of this Contract and that this Contract has been duly authorized, executed and delivered by the respective Party and is a legal, valid and binding obligation of the respective Party enforceable in accordance with its terms, subject to the usual qualifications with respect to bankruptcy and the availability of remedies.

SECTION 17. RECORDS AND ACCOUNTS.

CMEEEC shall keep accurate records and accounts of its properties and its operations in accordance with or so as to permit conversion to the Federal Energy Regulatory Commission's Uniform System of Accounts Prescribed for Class Public Utilities and Licensees in effect from time to time. The Replacement Contract Power Purchaser shall have the right at any reasonable time to examine such accounts. The Board shall cause such accounts to be audited annually by a firm of independent public accountants of national reputation and shall supply copies of such audits to the Replacement Contract Power Purchaser.

SECTION 18. INFORMATION.

CMEEEC and the Replacement Contract Power Purchaser will promptly furnish to each other such information and reports as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Contract. Without limiting the generality of the foregoing, the Replacement Contract Power Purchaser and CMEEEC agree to jointly develop at least once per year, a written forecast of the Electric Products required for the sale at retail by the Replacement Contract Power Purchaser's municipal electric utility for such periods in the future as may be determined by the Board and will promptly inform CMEEEC in writing of any changes in such forecasts and

any other events which would have a material effect on CMEEC's obligation to furnish Electric Products pursuant to this Contract. In addition the Replacement Contract Power Purchaser or CMEEC further agrees to furnish at its own expense such information and documents, including financial statements, legal opinions and engineering reports, as CMEEC or the Replacement Contract Power Purchaser may reasonably request in connection with the offering and sale of bonds, notes or other indebtedness by CMEEC or the Replacement Contract Power Purchaser or as may be required by the federal securities laws.

SECTION 19. DISPUTE RESOLUTION.

19.1. General Provision. The Parties shall attempt in good faith to promptly resolve any dispute arising out of, or relating to, this Contract.

19.2. Negotiation/Mediation/Arbitration. Notwithstanding the provisions of Sections 20, 21, and 22 hereof with respect to the Parties' respective rights and remedies upon the occurrence of Events of Default, the Parties agree that any disputes of a billing nature under this Contract shall first utilize the process set forth in this Sub-section 19.2.1 and 19.2.2. for resolution of any disputes of a billing nature. Any arbitration proceeding utilized to resolve any dispute under this Contract shall follow the process set forth in this sub-section.

19.2.1 Negotiation Between Executives. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Such notice (the "Dispute Notice" shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other person who will accompany the executive. Within fifteen (15) days after delivery of the Dispute Notice, the receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the Dispute Notice, the designated executives of both Parties shall meet at a mutually acceptable time and place, and thereafter, as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Sub-section 19.2.1 shall be confidential and shall be treated as compromise and settlement negotiations for purposes of law and rules of evidence.

19.2.2. Mediation. (i) If the dispute has not been resolved by negotiation within forty-five (45) days after the date of the Dispute Notice, or (ii) if the Parties have failed to meet within thirty (30) days of the date of the Dispute Notice, each as contemplated in Sub-section 19.2.1 above, the Parties shall attempt to settle the dispute by mediation under the then current Conflict Prevention and Resolution ("CPR") Mediation Procedure; provided further that if one Party refuses or fails to participate in negotiation pursuant to Sub-section 19.2.1, (iii) the other Party may then immediately upon the transmittal of an additional written notice to the other Party initiate mediation prior to the expiration of the

forty-five (45) day negotiation period (with the applicable date initiating the mediation process as provided in (i), (ii) or (iii) of this sub-section referred to as the Mediation Commencement Date). Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals. Any mediation process initiated under this section shall result in a resolution and settlement by the Parties of the dispute on or before ninety (90) days following the Mediation Commencement Date, failing which, either Party shall thereafter be authorized to initiate arbitration and/or litigation as elsewhere provided in this section 19.

19.2.3. Arbitration. Except as otherwise provided in Sub-sections 19.2.1 and 19.2.2, any controversy or claim arising out of, or relating to, this Contract or the breach thereof, may be submitted to arbitration at the time, in the manner and upon the terms agreed upon by the Parties. To the extent the Parties agree, the decision of the arbitrator shall be final and binding upon the Parties.

Disputes of a billing nature arising out of or relating to this Contract, that have not been resolved by the procedure set forth in Sub-section 19.2.2 and/or Sub-section 19.2.3 within ninety (90) days after the date of the Dispute Notice, shall, if agreed to by the Parties, be resolved by final and binding arbitration in accordance with the then current CPR Rules for Non-Administered Arbitration by a sole arbitrator, for any dispute involving amounts in the aggregate under Five Hundred Thousand Dollars (\$500,000.00); provided, however, that if either Party will not participate in the mediation proceeding as specified in Sub-section 19.2.2, the other Party may thereafter immediately initiate arbitration before expiration of the above-mentioned ninety (90) day period. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, inclusive, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut.

19.2.4. Powers of Arbitrator. With respect to any arbitration initiated under this Section 19, each Party expressly waives and foregoes any right to have the arbitrator award indirect, incidental, consequential, special, exemplary, punitive, or similar damages, except to the extent applicable law requires that compensatory damages be increased in a specified manner. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of the costs. Each Party shall be responsible for its own expenses, including attorneys' fees. Both Parties shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties.

19.2.5. Deferral. The Parties may agree to defer any arbitration proceeding, without prejudice to any Party, pending the resolution of a particular dispute.

19.2.6. Continued Performance. The Parties shall continue performance of the supply and payment for Electric Products in conformance with the requirements of this Contract notwithstanding the existence of any dispute or controversy between the Parties; *provided further* that the Replacement Contract Power Purchaser shall continue to make disputed and undisputed payments to CMEEC in accordance with the terms hereof. If the award

by a court of law or equity or by an arbitrator requires CMEEC to refund any disputed payment made by the Replacement Contract Power Purchaser, then CMEEC shall pay interest on such refunded amount in accordance with Sub-section 9.1 herein for the period commencing on the date of the Replacement Contract Power Purchaser's payment of such disputed amount until the date of the refund payment by CMEEC. If any dispute or controversy between the Parties is resolved by mutual agreement, and requires CMEEC to refund any disputed payment made by the Replacement Contract Power Purchaser, then CMEEC shall pay interest on such refunded amount in accordance with Sub-section 9.1 herein for the period commencing on the date of the Replacement Contract Power Purchaser's payment of such disputed amount until the date of the refund payment by CMEEC.

19.2.7. Court Proceedings. The Parties shall pursue direct negotiation and mediation as provided in Sub-sections 19.2.1 and 19.2.2 or arbitration due to a failure to participate in mediation as provided in Sub-section 19.2.3. above as a pre-requisite to initiating, as alternatives, an arbitration proceeding or litigation before a court or regulatory agency having jurisdiction. Except as otherwise provided herein, arbitration shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Contract, nor shall arbitration be considered a condition precedent to any action in court of law or equity or proceedings before any governmental agency or regulatory body having jurisdiction thereof.

SECTION 20. REPLACEMENT CONTRACT POWER PURCHASER EVENT OF DEFAULT; REMEDIES OF CMEEC.

20.1. Upon failure of the Replacement Contract Power Purchaser to make any payment in full when due under this Contract or to perform any obligation herein, CMEEC shall make demand upon the Replacement Contract Power Purchaser, and if said failure is not cured within twenty (20) days from the date of such demand, it shall constitute a default by the Replacement Contract Power Purchaser at the expiration of such period (referred to herein as a "Replacement Contract Power Purchaser Event of Default"). Notice of such demand shall be provided to the other Power Purchasers by CMEEC.

20.2. If the Replacement Contract Power Purchaser in good faith disputes the legal validity of said demand, it shall make such payment or perform such obligation within said twenty (20) day period under formally written protest directed to CMEEC. Such protest shall specify the reasons upon which the protest is based.

20.3. Upon the occurrence of a Replacement Contract Power Purchaser Event of Default, in addition to the other remedies available to CMEEC pursuant to Section 4 of this Contract or this Section 20 and, in addition to any other rights or remedies CMEEC may have under law, CMEEC shall have the rights and remedies set forth in Sub-sections 20.4 and 20.5.

20.4. CMEEC may bring any suit, action or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary and appropriate to

enforce against the Replacement Contract Power Purchaser any covenant, agreement or obligation, including the obligation to make any payment, required under the provisions of this Contract.

20.5. CMEEC and any Power Purchaser acting pursuant to Section 21 hereof shall have the right to recovery its reasonable attorneys' fees and associated costs incurred in connection with any successful enforcement of the RPSC resulting from any such suit, action or proceeding maintained by CMEEC and/or the Power Purchaser against the Replacement Contract Power Purchaser.

20.6. If such Replacement Contract Power Purchaser Event of Default shall continue for sixty (60) days following written notice to the Replacement Contract Power Purchaser from CMEEC specifying such failure, CMEEC may at any time thereafter, ten (10) days following additional written notice to the Replacement Contract Power Purchaser, cease and discontinue the furnishing of Electric Products to the Replacement Contract Power Purchaser so long as such Replacement Contract Power Purchaser Event of Default shall continue and may remarket or sell any Electric Products otherwise procured on behalf of the Replacement Contract Power Purchaser under CMEEC's Short and Intermediate Term Power Program or with respect to any Power Project; provided, however, that any such cessation and discontinuance shall not relieve the Replacement Contract Power Purchaser of any obligation to perform under this Contract, including the obligation to pay amounts payable by the Replacement Contract Power Purchaser which comprise Fixed Costs and Administration Costs for which it is responsible, plus all other costs of collection including interest on unpaid amounts and attorney fees less any payments received by CMEEC in accordance with Section 4.

20.7. In the event that a Power Purchaser, which also holds an Entitlement Allocation in a Power Project, causes a Contract Party Power Purchaser Event of Default under its respective RPSC which results in a deficiency in the aggregate payments of Fixed Cost obligations owed with respect to a Power Project, CMEEC shall first charge the resulting deficiency to the other Power Project Participants in the Power Transmission Project in proportion to the their Entitlement Allocations in such Project, such that each of the non-defaulting Power Purchasers participating in the Power Project shall be responsible for payment, in addition to the charges otherwise due from such Power Purchasers, in accordance with following formula:

$$D = \text{PPP EA \%} / \text{Sum (all non-defaulting PPP EA \%)}$$

Where "D" equals the deficiency make-up payment due from the non-defaulting Power Purchaser (referred to as Power Purchaser "A"); "PPP EA%" is the Entitlement Allocation of Power Purchaser A in the affected Power Project; and "All non-defaulting PPP EA%" is the sum of the Entitlement Allocations of the non-defaulting Power Project Purchasers participating in the Power Project in which the defaulting Power Purchaser is a participant. Notwithstanding anything in the RPSC to the contrary, in the event of a partial payment of any invoice from CMEEC by a Power Purchaser under its respective RPSC, GTSA, or any replacement thereof, with an amount remaining past due and unpaid, CMEEC shall apply any payments due from and paid by such Power Purchaser to

satisfy the defaulting Power Purchaser's obligations in an order determined by CMEEC in the exercise of its reasonable discretion. Any amounts paid by the non-defaulting Power Purchasers pursuant to this Sub-section on account of any deficiency in payment of Fixed Cost obligations due from a defaulting Power Purchaser shall not relieve such defaulting Power Purchaser of its obligation for payment of such Fixed Cost obligations.

20.8. Any economic benefits accruing with respect to the Replacement Contract Power Purchaser's Entitlement Allocation shall not be applied for the account of the Replacement Contract Power Purchaser during any periods the Replacement Contract Power Purchaser fails to make payments in full when due under this Contract and such failure to make payment is not cured. If the Replacement Contract Power Purchaser Event of Default entails a failure to make any payment in full when due and shall continue for a period of more than ninety (90) days after the final date to cure following written notice to the Replacement Contract Power Purchaser from CMEEC specifying such failure, CMEEC may thereafter, thirty (30) days following the provision of additional notice to the Replacement Contract Power Purchaser, finally apply the economic benefits accruing from the Entitlement Allocation of the Replacement Contract Power Purchaser in default for the periods following the first date on which the failure to make payment in full occurred resulting in a Replacement Contract Power Purchaser Event of Default and shall thereafter continue for the accounts of the remaining Power Purchasers in proportion to each such Power Purchaser's contribution, as determined pursuant to Sub-section 20.7, to the payment to satisfy a deficiency in payment in Fixed Cost obligations resulting from the Replacement Contract Power Purchaser Event of Default. Any recovery of funds due from a defaulting Power Purchaser by CMEEC shall be applied by CMEEC pro rata for the accounts of and payment to each of the non-defaulting Power Purchasers in the amount of and in proportion to their contributions to satisfy the payment deficiency, plus interest at the statutory rate if and to the extent recovered from the defaulting Power Purchaser and to the extent not already recovered from allocation of the defaulting Power Purchasers' economic benefit to the non-defaulting Power Purchasers.

SECTION 21. ENFORCEMENT OF CONTRACTS.

CMEEC shall enforce the provisions of the Replacement PSCs against each of the Power Purchasers which has caused or incurred under its respective Replacement PSC an event of default the same as or equivalent to a Replacement Contract Power Purchaser Event of Default under this Contract and, if applicable, against the Replacement Contract Power Purchaser in the event of a Replacement Contract Power Purchaser Event of Default (in either case, the "Defaulting Power Purchaser") and to pursue such remedies as CMEEC determines most effective with respect to such Defaulting Power Purchaser. In that regard: (a) CMEEC or (b) any of the Power Purchasers, if it is not a Defaulting Power Purchaser, (i) jointly with CMEEC, as its interest may appear, or, (ii) subject to the next paragraph, severally, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance or damages, as may be necessary or appropriate to enforce the obligations of the applicable Replacement PSC against such Defaulting Power Purchaser.

A Power Purchaser's right to enforce this Contract as provided in the prior paragraph may only be exercised on a several basis provided CMEEC first fails (x) to seek enforcement of the applicable Replacement PSC against the Defaulting Power Purchaser within thirty (30) days following notice from the Power Purchaser or following the expiration of such additional period pursuant to Section 20 as applicable to the remedy sought, if longer than such thirty (30) day period, and (y) thereafter diligently to pursue such enforcement.

Without limiting the generality of the foregoing, CMEEC agrees that if any of the Power Purchasers cause or incur a Power Purchaser Event of Default under the applicable Replacement PSC, CMEEC shall: (i) continue to bill such Power Purchaser for amounts due under the applicable RPSC, including amounts accruing after the occurrence of a Power Purchaser Event of Default by such Power Purchaser; (ii) institute and diligently pursue such suits, actions or proceedings, at law or in equity, including suits for specific performance or damages, as CMEEC deems appropriate to collect unpaid amounts owing under the applicable RPSC or to remedy the Power Purchaser Event of Default under such Replacement PSC; and (iii) use its best efforts to sell the Electric Products to be delivered to such Power Purchaser pursuant to the Replacement PSC.

SECTION 20. CMEEC EVENT OF DEFAULT.

In the event of a failure by CMEEC to perform any of its obligations under this Contract (a "CMEEC Event of Default") and such CMEEC Event of Default shall be continuing for a period of twenty (20) days following the provision of notice to CMEEC of such CMEEC Event of Default and such CMEEC Event of Default is not otherwise subject to the dispute resolution under the provisions of section 19 hereof, the Replacement Contract Power Purchaser may bring any suit, action, or proceeding in equity for mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce such obligation against CMEEC; provided, however, the same shall not give the Replacement Contract Power Purchaser the right to discontinue the performance of its obligations under this Contract.

SECTION 23. ABANDONMENT OF REMEDY; NO WAIVER.

In the event any action or proceeding taken by CMEEC (including any of the other Power Purchasers acting pursuant to Section 21 hereof) or the Replacement Contract Power Purchaser in connection with any default by the other shall have been discontinued or abandoned for any reason, CMEEC (including any of the other Power Purchasers acting pursuant to Section 21 hereof) and the Replacement Contract Power Purchaser shall be restored to their former positions under this Contract, and all rights, remedies, powers and obligations of CMEEC (including any of the other Power Purchasers acting pursuant to Section 21 hereof) and the Replacement Contract Power Purchaser shall continue as though no such action or proceeding had been taken. The failure of CMEEC (including any of the other Power Purchasers acting pursuant to Section 21 hereof) or the Replacement Contract Power Purchaser to insist in any one or more instances upon strict performance by the other of any one or more of the provisions of this Contract or to take

advantage of any of its rights hereunder shall not be construed as a waiver or relinquishment.

SECTION 24. ANNUAL BUDGET.

CMEEC shall prepare by November 30th of each Year for Board approval in December of same Year an Annual Budget for the ensuing Year, which shall set forth in reasonable detail the estimated Fixed Costs, Administration Costs, and the PSC Revenue Requirements for the ensuing Year. A report of the approved annual budget, applicable to the services provided hereunder to each Power Project Participant and Power Purchaser, if not a Power Project Participant, shall be filed with each such Power Project Participant or Power Purchaser by January 1 of the ensuing year or such other date as voted by resolution of the Board. At the end of the sixth month of each Year, CMEEC shall review its estimates of the estimated Fixed Costs, Administration Costs, and the PSC Revenue Requirements for such Year, and in the event such estimates do not substantially correspond with the actual Fixed Costs, Administration Costs, and PSC Revenue Requirements, or if there are at any time during any such Year extraordinary Fixed Costs, Administration Costs, or PSC Revenue Requirements, CMEEC shall prepare and file with the Board an amended annual budget for the remainder of such Year as approved by the Board, a report of which shall then be provided to each Power Project Participant and Power Purchaser to the extent such amended annual budget modifies the report of the approved annual budget previously supplied to such Power Project Participant and Power Purchaser during such Year.

SECTION 25. ADDITIONAL POWER PURCHASERS.

In addition to the Power Sales Contracts, CMEEC retains the right to enter into contracts, to the extent permitted by the Act and approved by the Board, for the supply of Electric Products to other entities. Each such contract entered into by CMEEC may be included in the definition of Power Sales Contracts and the entity entering into such a contract with CMEEC may be included in the definition of Power Purchasers.

SECTION 26. NOTICES AND COMPUTATION OF TIME.

Any notice, demand, approval, proposal, protest, direction or request provided for in this Contract to be delivered, given or made to the Replacement Contract Power Purchaser shall be deemed delivered, given or made if delivered in writing, in person or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the person and at the address designated in writing filed with CMEEC by the Replacement Contract Power Purchaser. The Replacement Contract Power Purchaser may change such designation, at any time and from time to time, by giving notice to CMEEC as below provided. Any such notice, demand or request to be delivered, given or made to CMEEC shall be deemed delivered, given or made if delivered in writing, in person or sent by mail as above provided to the following address:

Chief Executive Officer

Connecticut Municipal Electric Energy Cooperative
30 Stott Avenue
Norwich, Connecticut 06360-1526
Phone: (860) 889-4088
Telecopy: (860) 889-8158

or such other address designated at any time and from time to time by giving notice to the Replacement Contract Power Purchaser as provided above.

Unless specifically otherwise required by the terms of this Contract, any notice required to be given pursuant to any provision of this Contract may be given by any form of electronic transmission that is capable of producing a written record, including, without limitation, telecopy transmissions, provided that the deliverer of any such notice given by electronic transmission shall verify receipt of such notice promptly upon the transmission thereof and such notice shall not be deemed duly given unless full and legible receipt thereof has been verified by the recipient of such notice.

In computing any period of time from such notice, such period shall commence at 12:01 a.m. on the day following the date such notice was delivered or mailed.

SECTION 27. GOVERNING LAW.

This Contract is made under and shall be governed by the laws of the State of Connecticut and without reference to any conflict or choice of law provisions which would result in the law of another jurisdiction being applied.

SECTION 28. SEVERABILITY; CONSTRUCTION.

If any section, sub-section, clause or provision of this Contract is declared illegal or no longer in force by reason of any judgment or order issued by a court or regulatory body of competent jurisdiction, the remainder of this Contract shall be unaffected by such judgment or order and all of the remaining provisions of this Contract shall remain in full force and effect as though such section, sub-section, clause or provision or any part thereof so adjudicated or ordered illegal or no longer in force had not been included herein. The captions or headings in this Contract are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Contract.

SECTION 29. ORIGINAL POWER SUPPLY CONTRACT.

Nothing contained herein shall be deemed to be an annulment or cancellation of the Original Power Supply Contract to which the Replacement Contract Power Purchaser is a party, except as provided in Section 13; the Original Power Supply Contract shall be deemed replaced and superseded by this Contract upon the Second Effective Date as expressly provided in Section 13.

SECTION 30. MISCELLANEOUS.

30.1. Amendments and Waivers. This Contract may only be amended or modified in a written document signed by both Parties. The failure of any Party to insist in any one or more instances upon performance of any terms or conditions of this Contract shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such Party with respect thereto shall continue in full force and effect.

30.2. Interpretation. Should any provision of this Contract require judicial interpretation or interpretation by an arbitrator having jurisdiction over a dispute arising hereunder, it is agreed that the court or arbitrator interpreting or construing this Contract shall not construe it against one Party more strictly by reason of the rule of construction that a document is to be construed more strictly against the Party who itself or through its agent or counsel prepared such document, it being agreed that the agents and counsel of all Parties have participated in the preparation of this Contract, and that all Parties were afforded adequate opportunity to consult legal counsel prior to execution of this Contract.

30.3. Joint Preparation. Each Party to this Contract (a) has participated in the preparation of this Contract; (b) has read and understands this Contract; and (c) has been represented by counsel of its own choice in the negotiation and preparation of this Contract. Each party represents that this Contract is executed voluntarily and should not be construed against any Party hereto solely because it drafted all or a portion hereof.

30.4. Further Assurances. Each Party agrees to execute and to deliver such other and further instruments and to take such other actions as are reasonably necessary to effectuate the provisions of this Contract.

SECTION 31. ADDITIONAL LIMITATIONS TO LIABILITY OF THE PARTIES.

31.1. Subject to the provisions of Section 4 hereof, obligations, including liability, accrued by the Replacement Contract Power Purchaser as a Power Project Participant before the term of this Contract has expired, remain obligations of the Replacement Contract Power Purchaser in the amount or percentage allocation in accordance with this Contract until paid or satisfied, irrespective of the withdrawal or termination of this Contract by the Replacement Contract Power Purchaser or withdrawal as a Power Project Participant pursuant to section 4 hereof.

31.2. Obligations accrued by CMEEC or on behalf of or for a Power Project in which the Replacement Contract Power Purchaser was a Power Project Participant after the term of this Contract has ended are not the obligations of the Replacement Contract Power Purchaser and there shall be no recourse to the Replacement Contract Power Purchaser, its credit, assets, property, revenue, or rate making authority, or to the municipality of which it is a part, for payment, or other relief, with respect to such obligations or any share thereof.

31.3. Other than as expressly provided in Section 21 hereof, this Contract shall not imply, create or confer rights in any person or entity who is not a signatory to this Contract, including but not limited to third party beneficiary rights, or in any person or entity who has contracted with CMEEC.

31.4. For purposes of clarification of intent under this Section 31, when an obligation, including liability, “accrues” or is “accrued”, it shall mean that such obligation shall be realized and/or determined and reasonably quantified in amount or shall have been identified by the occurrence of definitive actions or circumstances, within the period of during which the accrual is deemed to have occurred.

31.5. CMEEC shall not be liable or legally responsible to the Replacement Contract Power Purchaser, under any circumstances, for monetary damages of any nature, including but not limited to such damages which are due to the loss of profits, which comprise the costs of purchase of replacement Electric Products or services or which may arise from liability to due to direct, indirect or consequential damages (referred to collectively as “Non-injunctive Liability”). Notwithstanding the foregoing, CMEEC shall and is authorized to assert and maintain in its own name claims, as provided in this Contract, for recovery with respect to Non-injunctive Liability which may be incurred or suffered by the Replacement Contract Power Purchaser, where such Non-injunctive Liability arises from a cause of action which CMEEC has against a third-party which relates to the performance by CMEEC under this RPSC, or under any contract concerning Electric Products, where all or any portion of the costs of such contract, or its breach or such cause of action, result in liability or payment in whole or in part by the Replacement Contract Power Purchaser as a result of this Contract.

SECTION 32. COUNTERPARTS.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE has caused this Contract to be executed by its Chairman and the Replacement Contract Power Purchaser has caused this Contract to be executed on its behalf by an authorized officer of the municipal electric utility constituting an electric department agency or other body of the Replacement Contract Power Purchaser as of the date first written above.

(SEAL)	Connecticut Municipal Electric Energy Cooperative
Witness:	By:
	Its:
(SEAL)	Municipal Electric Utility/Eligible Replacement Contract Power Purchaser
Witness:	By:
	Its:

EXHIBIT A – Original Power Supply Contracts

EXHIBIT B – Outstanding Indebtedness

EXHIBIT C – Existing Power Projects

EXHIBIT D – Existing Power Projects in Power Purchaser's Service Area.

EXHIBIT I

ENTITLEMENT ALLOCATIONS

ATTACHMENT A
CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE
SERVICE SPECIFICATIONS
ATTACHMENT A

CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
SERVICE SPECIFICATIONS

These service specifications are applicable to the Power Supply Contract for the Supply of Electric Products
, dated as of January 1, 2000, and covering the supply and delivery of Electric Products by Connecticut Municipal Electric Energy Cooperative ("CMEEC") to
_____ ("Replacement Contract Party").

Delivery Locations at _____.

Meter Compensated
Location Meter
Meter
Metered for Losses to Record
No.
Location No.
Voltage Power Flow at

To the extent that the delivery of power and energy to Replacement Contract Party is at a voltage below
transmission level voltage (69kV), compensation computed at two percent (2%) for
additional transmission
and transformation losses shall be added as appropriate.

ATTACHMENT B
CONNECTICUT MUNICIPAL ELECTRIC ENERGY
COOPERATIVE
MASTER RATE SCHEDULE TARIFF 9
RESALE POWER SERVICE

Attachment B
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MASTER RATE SCHEDULE TARIFF 9
RESALE POWER SERVICE

This Master Rate Schedule is established and made available in accordance with the Amended and Restated Contract for the Supply of Electric Power and Energy (the "Replacement Power Sales Contract") between the Connecticut Municipal Electric Energy Cooperative ("CMEEC" or "Seller") and the Power Purchaser. Terms defined in the Restated Replacement Power Sales Contract shall have the meanings in this Master Rate Schedule as such terms are defined in the Replacement Power Sales Contract.

AVAILABILITY

This Rate Schedule is available for 1) the supply of Electric Products as defined in the Replacement Power Sales Contract

GENERAL SERVICE TERMS

The general service terms applicable to this Rate Schedule shall be as set forth in Appendix A, and may be amended from time to time by resolution of the Board.

Section 1 - Base Charges

The Base Charges shall be computed and billed by Seller as the sum of the charges and credits as set forth in Sections 2,3,4, 5 and 6 of this Rate Schedule. Pending the availability of actual data, billing of the Base Charges shall utilize estimates of such data developed by CMEEC, subject to true up as provided in Section 8 of this Rate Schedule. The Base Charges shall be computed and billed by the fifth (5th) business day following the Time Period in which the services are provided.

Section 2 - Fixed Cost Obligation

The annual Fixed Cost obligations shall be computed by the Seller as the product of 1) of the Annual Budget of CMEEC for Fixed Costs and 2) the Power Purchaser's Entitlement Allocation by specific Power Project expressed as a decimal to five significant places. The Fixed Costs shall be computed and billed by the Seller as the quotient of the Annual Fixed Costs of the Power Purchaser divided by the projected energy sales of the Power Purchaser. Power Purchaser shall receive a charge or credit from over-billing or under-billing, as the case may be, of actual billed Fixed Costs for the previous year compared with the Power Purchaser's Fixed Costs obligations for such year as provided in the Replacement Power Sales Contract.

Section 4 - Power Costs

Power Costs shall be determined as a combination of the measurement of the requirements of the Power Purchaser for all Electric Products and the costs of the Seller for providing such Electric Products. The Power Purchaser's Electric Product requirements shall be computed by the Seller as set forth in Subsection (a) below.

(a) The Power Purchaser's full requirements for all Electric Products exclusive of: 1) those Electric Products supplied from the Power Purchaser's Entitlement Allocation of the Power Projects, 2) any Electric Products from generation facilities owned, operated or controlled by the Power Purchaser and not assigned to CMEEC as set forth in Section 2 of the Replacement Power Sales Contract, and, 3) any Electric Products sold under a CMEEC interruptible rate arrangement with the Power Purchaser. Electric Products requirements, shall be computed by CMEEC on an hourly basis or such other time interval as established by the Board.

(i) For purposes of the measurement of quantities of Electric Products the Power Purchaser's demand for any Time Period billing shall be the highest integrated hourly demand, as measured in kilowatts, metered to all Delivery Points inclusive of 1) any Electric Products from generation facilities owned, operated or controlled by the Power Purchaser and 2) any metering adjustment to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltage as determined by the CTSA, or the local Transmission Provider, but exclusive of 1) any Electric Products from generation facilities owned by the Power Purchaser which are permitted to reduce Power Purchaser's full requirement obligation and not assigned to CMEEC, and 2) Electric Products sold to the Power Purchaser under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 7 of this Schedule.

(ii) For purposes of the measurement of quantities of Electric Products the Power Purchaser's Time Period system energy shall be the sum of the hourly kilowatt-hours metered at all Delivery Points, adjusted to coincide with the start and end of each Time Period inclusive of 1) any actual Electric Products in any such hour from generation facilities owned, operated, or controlled by the Power Purchaser, and 2) any metering adjustments to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltages as determined by the CTSA or the Local Transmission Provider but exclusive of 1) any

Electric Products in any such hour from generation facilities owned by the Power Purchaser which are permitted to reduce Power Purchaser's full requirement obligation and not assigned to CMEEC and 2) Electric Products sold in any such hour to the Power Purchaser under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 7 of the Rate Schedule.

The cost of Electric Products as defined by ISO-NE for all utilities participating in the ISO shall be computed as the sum of the charges and credits as set forth in Subsections (i), (ii), (iii), (iv), (v), and (vi) below:

(i) The Power Purchaser's Installed Capability Responsibility Settlement Obligations shall be the Power Purchaser's pro rata demand share of CMEEC's Total Installed Capability Responsibility Obligations as determined by ISO-NE less any Installed

(ii)

(iii)

(iv)

Capability Entitlements of the Power Purchaser from the Projects multiplied by the market clearing price for Installed Capability as determined by ISO-NE.

The Power Purchaser's Operable Capability Responsibility Obligations shall be the Power Purchaser's pro rata share of CMEEC's total Operable Capability Obligations as determined by ISO-NE on a hourly basis less any Operable Capability Entitlements of the Power Purchaser from the Projects, where any excess or deficiency shall be adjusted in proportion to the adjustment of CMEEC's excess or deficiency respectively by ISO-NE, multiplied by the market clearing price for Operable Capability as determined by ISO-NE. The Power Purchaser's Energy Obligations shall be the sum of the hourly system energy obligations to be served by the Power Purchaser less any energy generated from the Power Purchaser's Entitlement Allocations from the Projects multiplied by the energy clearing price for such hour as determined by ISO-NE.

The Power Purchaser's hourly Operating Reserve Obligation shall be the Power Purchaser's pro rata share of CMEEC's hourly Operating Reserve Obligations less any Operating Reserve Entitlements from the Power Purchaser's Entitlement Allocations from the Projects multiplied by the quotient of the NEPOOL total cost of reserves and uplift divided by the NEPOOL Reserve Obligation less the Power Purchaser's pro-rata share of any Operating Reserve and Uplift Payment associated with the Power Purchaser's Entitlement Allocation of the

Projects as determined by ISO-NE. The categories of Operating Reserve shall be ten (10) minute spinning reserves, ten (10) minute non-spinning reserves and thirty (30) minute operating reserves or such other reserves as shall be required by the ISO-New England's Tariff as accepted by the Federal Energy Regulatory Commission.

The Power Purchaser's Automatic Generation Control (AGC) Obligation shall be the Power Purchaser's pro rata share of CMEEC's AGC Obligation less any AGC Entitlements from the Power Purchaser's Entitlement Allocation from the Projects multiplied by the quotient of the NEPOOL costs of providing AGC divided by the NEPOOL AGC Obligation less the Power Purchaser's share of any AGC associated with the Power Purchaser's Entitlement Allocation of the Projects as determined by ISO-NE.

The Power Purchaser will receive a charge or credit for all variable costs Incurred by CMEEC for the Power Purchaser's Entitlement Allocation of the Projects and all other power supplies acquired by CMEEC to meet the full Electric Product Requirements of the Power Purchaser in ISO-NE.

Section 5 - Levelized Billing of Power Costs

The computation of the requirements for Electric Products and the costs of the Seller providing such Electric Products on an hourly basis, or any such other time frame, shall be consistent with how costs are incurred by the Seller in ISO-NE. To the extent that such cost information is not readily available, the Seller shall utilize estimates as provided for in Section 8 in developing Time Period bills. Hourly costs for Electric Products may have significant volatility in prices over any given time frame. To the extent such volatility is inconsistent with the Power Purchasers retail rate design, or the needs of the Power Purchasers, the Board shall, on an annual basis, coinciding with the Seller's Annual Budget, establish a levelized billing rate for Power Costs based upon the

Seller's estimate of the costs of the Electric Product requirements of all Power Purchasers or each Power Purchaser individually as measured on a per unit basis. The Seller will provide the Power Purchaser with estimated true up costs on a basis as set by the Board to the extent levelized billing is set by the Board, the Power Purchaser shall receive a charge or credit from over-billings or under-billings, as the case may be, of actual Power Costs incurred for the previous year compared with the Power Purchaser's Levelized Power Costs billed for such year.

Section 6 - Other Charges or Credits to Power Costs

The Power Purchaser shall receive a statement of other charges or credits to the Power Purchaser's Base Costs as are applicable based on charges or credits 1) pursuant to the Restated Power Sales Contract or 2) approved by the Power Purchaser and/or the Board as appropriate. Such charges and credits may include the following items.

(i) The Power Purchaser shall receive a credit for the Electric Products from generating facilities under assignment to CMEEC by the terms of any specific agreement or by the market clearing prices for Electric Products available from such generating facilities to CMEEC from ISO-NE.

(ii) The Power Purchaser shall receive a charge or credit as appropriate for disbursements to or from individual accounts established for the sole benefit of the Power Purchaser including but not limited to the Power Purchaser's Economic Development Fund, Power Purchaser's Rate Stabilization Fund or any other Fund established by the Power Purchaser where such charges or credits shall be as authorized by a designated representative of the Power Purchaser.

The Economic Development Fund shall be set at 0.5 mills/kWh for the total kWh of the Power Purchaser. The amount of the contribution to the Economic Development fund may be changed at any time by notice given to the Seller by an authorized representative of the Power Purchaser.

(iii) The Power Purchaser shall receive a charge or credit in the manner provided in Section 12 of the Restated Power Sales Contract for the excess revenues, net of expenses, attributable to the sale of power, any contractual arrangement or other service provided by the Seller.

(iv) The Power Purchaser shall receive a charge or credit as approved by the Board as may be applied to reflect unique costs or revenue credits which do not affect all other Power Purchasers on a pro-rata basis. Such special charges or credits shall be clearly specified in addendum to this Rate Schedule approved by the Board and may include, but are not limited to, such items as interest charges or credits, prepayments, the recovery of costs of any special financing, pre-existing economic development rates pursuant to superseded Rate Schedule 8, or sanction penalties imposed by ISO-NE.

(v) The Power Purchaser shall receive a credit for any dividend or return of capital as approved by the Board from time to time.

(vi) The Power Purchaser shall receive a charge or credit to meet the Revenue Requirements as defined in the Restated Power Sales Contract where costs incurred by CMEEC are not provided for in any other Section of this Rate Schedule.

Section 7 - Supplemental Rates and Special Arrangements

In addition to the Base Charges, this Rate Schedule provides for additional services as may be required by the Power Purchaser from time to time. Additional services shall consist of those services or arrangements provided for in the Supplemental Rider to this Rate Schedule as set forth below. Additional Supplemental Riders may be approved by the Board from time to time as required by the Power Purchasers to meet their needs.

(i) Supplemental Rider - Customer Purchase Arrangements

This Rider is available to any Power Purchaser that may desire to enter into long term contract arrangements with the Seller to facilitate specific power purchase contract or rate arrangements between the Power Purchaser and any of its retail customers or group of retail customers. This Rider shall be available to Power Purchaser to facilitate any special power purchase arrangements including, but not limited to, market priced power, interruptible service, back-up service, renewable resource energy and conservation and load management services.

The costs and terms of providing such service shall be determined by prices and terms at such time as agreed to by the Power Purchaser and Seller provided however that any special arrangement offered hereunder shall not reduce the Power Purchaser's Fixed Cost obligations set forth in Section 3 of this Rate Schedule. All such special arrangements shall provide for the recovery of any incremental costs incurred by the Seller in supplying the service and shall include a return component of not less than 0.25 mills/kwh as initially set by the Board, subject to change from time to time, or unless waived by the Board. Such return component shall not apply to any such special arrangements secured and delivered to CMEEC by the retail customer.

Section 8 - Use of Estimates

For the services and charges described in this Rate Schedule, the Seller may utilize estimates to the extent reflected in the Seller's Annual Budget. Deviations between collections under this Rate Schedule and the Seller's actual expenses will be reconciled through a Time Period-to-Time Period or a year-to-year prospective true up as appropriate.

Any deviations between estimated and actual true-up amounts for any Year will be reflected in the Annual Budget as determined by the Board for the subsequent Year.

Section 9 - Billing Format

The charges or credits comprising the various components of this Rate Schedule shall be provided in a billing format that enables the Power Purchaser to provide its retail customers with a standard billing format which is generally consistent with the guidelines and regulations of the State of Connecticut Department of Public Utility Control as appropriate with respect to Public Act 98-28, An Act Concerning Electric Restructuring or such other format or grouping of costs as may be required by a Power Purchaser and approved by the Board from time to time.

Section 10 - Effective Date and Amendments

The Rate Schedule shall become effective for service rendered on and after _____ or on the first day of the month following the implementation of the Replacement Power Supply Contracts whichever is later and shall remain in effect until

superseded by vote of the Board. This Rate Schedule may be amended by the Board in accordance with Section 3 of the Restated Power Sales Contract to provide for different terms, or additional services. All such amendments to this Rate Schedule shall be in the form of Riders to this Rate Schedule provided however that no such amendment shall reduce the obligations of the Power Purchaser for the payment of Fixed Cost as set forth in Section 3 of the Replacement Power Supply Contract.

Effective Date

APPENDIX A RATE SCHEDULE TARIFF 9 GENERAL SERVICE TERMS

Appendix A Rate Schedule Tariff 9 General Service Terms Character of Service

Alternating current; 60 Hertz, three-phase; delivery at 69 kV or 115 kV or at other voltages subject to conditions as agreed upon.

For service taken at a voltage below 69 kV, the hourly meter readings of the Power Purchaser's load shall be increased by 2% to compensate for losses until such time as new engineering studies show a loss factor of greater or less than 2% is more appropriate at which time the Parties shall mutually agree on the appropriate loss adjustment factor as shall be accepted by CL&P. The Power Purchasers shall be required to maintain power factors appropriate to meet the system operating requirements of the Connecticut Light and Power Co. set forth in the Seller's Transmission Service Agreement or the New England Power Pool ("NEPOOL") Agreement or as set by the Independent System Operation (ISO-NE). In the event that a Power Purchaser does not maintain such a power factor, the Seller shall have the right to apply additional charges as determined by the Board of Directors of the Seller as appropriate to this Rate Schedule Tariff 9 to cause compliance with such power factor requirements. Such additional charges shall be applicable to all Power Purchasers who are not in compliance with the NEPOOL, power factor requirements. As of the effective date of this Rate Schedule, the power-factor deficiency charge shall be \$0.33 kvar/Time Period for all kvar the Power Purchaser is deficient from the NEPOOL compliance level. The Board of Directors of the Seller shall specifically approve any and all additional power factor deficiency charges to the Power Purchasers prior to implementation.

Metering Adjustment

When delivery is made at the high-voltage side of the substation and the service is metered on the low-voltage side, all metered quantities at the substation shall be increased by an amount to compensate for reasonable transformation losses, where such amount shall be set by the Board of Directors of the Seller and may be changed from time to time by the Board of Directors of the Seller.

Each Power Purchaser is required to comply with the requirements of the ISO-New England, Inc. as applicable within the NEPOOL Tariff and the ISO Operating Agreement as if such Power Purchaser were a direct participant in NEPOOL and ISO-New England. To the extent any Power Purchaser engages in sanctionable Behavior as defined in the NEPOOL Tariff and such behavior (or lack of behavior) causes Sanctions to be imposed on the Seller, the Seller shall have the right to impose on the Power Purchaser the consequences of such Sanctions.

Sample General Transmission Services Agreement

GENERAL TRANSMISSION SERVICES AGREEMENT
BETWEEN
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
AND
THE CITY [TOWN/AUTHORITY] OF (placeholder), CONNECTICUT,
Dated as of April 1, 2012

CMEEC

General Transmission Services Agreement

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GENERAL TRANSMISSION SERVICES AGREEMENT

This General Transmission Services Agreement (this “Contract” or “GTSA”), dated as of April 1, 2012, is made by and between the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE, a public body corporate and politic organized and existing under and by virtue of the laws of the State of Connecticut (hereinafter referred to as “CMEEC”) and THE CITY [TOWN, DISTRICT, BOROUGH, AUTHORITY] OF (placeholder), CONNECTICUT, acting by and through the municipal electric utility which constitutes an electric department, agency or other body of such municipal corporation, or otherwise operating a utility distribution agency or authority and eligible to receive service under this Contract (hereinafter referred to as the “Contract Party Transmission Purchaser”). Each of CMEEC and the Contract Party Transmission Purchaser are sometimes referred to herein individually as a “Party” and collectively as the “Parties.”

W I T N E S S E T H:

WHEREAS, CMEEC has been duly organized under Chapter 101a of Title 7 of the General Statutes of the State of Connecticut, as amended (the “Act”);

WHEREAS, CMEEC has heretofore entered into separate Amended and Restated Power Sales Contracts, dated as of January 1, 2000 , as amended (the “Amended and Restated Power Sales Contracts” or “PSAs”) for the supply of electric power with each of the City of Groton, Connecticut (“Groton”), the City of Norwich, Connecticut (“Norwich”), the Borough of Jewett City, Connecticut (“Jewett City”), the Second Taxing District of the City of Norwalk, Connecticut (“South Norwalk”), and the Third Taxing District of the City of Norwalk (“East Norwalk”), Connecticut, who are Members of CMEEC (collectively, the “Member Power Purchasers”); WHEREAS, CMEEC has also entered into power sales agreements with entities not constituting Member Power Purchasers but also purchasing all or some of their requirements for electric power supply from CMEEC (the “Non-Member Power Purchasers”) under contracts with CMEEC (the “Non-Member PSAs”)

WHEREAS, the Connecticut Transmission Municipal Electric Energy Cooperative (“TRANSCO”) has been duly organized under Act, by the adoption of concurrent resolutions providing therefore by Groton, Norwich, Jewett City, South Norwalk, East Norwalk, the Board of Commissioners of the Town of Wallingford, Connecticut, Department of Public Utilities (“Wallingford”), and the Board of Utilities Commission of Bozrah Light and Power Company (“BL&P” or “Bozrah”) (collectively, the “TRANSCO Members”); WHEREAS, this Contract is a separate contractual undertaking and covers separate and distinct subject matter and obligations among and between the Parties from that addressed in the Amended and Restated Power Sales Contracts;

WHEREAS, on-going changes in federal and state energy laws and markets have encouraged increased competition and customer choice in the energy business, making it incumbent upon CMEEC and the Member Power Purchasers and the Non-Member Power Purchasers to have greater flexibility in their respective utility operations (collectively, the Member Power

Purchasers and the Non-Member Power Purchasers are referred to herein as the “Power Purchasers”);

WHEREAS, in order to provide greater flexibility to CMEEC and the Power Purchasers in their respective utility operations, and in order to separate the costs of transmission services from the costs of power supply, it has been determined to be in the best interest of CMEEC and the Power Purchasers that electric transmission services required by CMEEC and the Power Purchasers, and the financing of transmission projects by TRANSCO on behalf of some or all of the Power Purchasers be provided for under contracts which are separate from the Amended and Restated Power Contracts and taking the form of this GTSA or its substantial equivalent;

WHEREAS, TRANSCO has acquired and financed and will continue to acquire and finance transmission rights and capacity for the sole purpose of providing transmission services to CMEEC;

WHEREAS, CMEEC has issued Indebtedness, as defined herein, of an interim, short term nature under the Act, to initially finance the costs of a capital contribution to TRANSCO in order to enable TRANSCO to provide a portion of the purchase price payable by TRANSCO for the acquisition of certain transmission facilities (the “Initial Transmission Project”) as hereinafter defined;

WHEREAS, CMEEC intends to refinance such interim, short term issuance of Indebtedness with an issuance of long term Indebtedness;

WHEREAS, in order to enable CMEEC to issue such long term Indebtedness, it is necessary for CMEEC to establish and maintain a binding contract with each of the Power Purchasers for the provision of their electric transmission services at wholesale and, for those Power Purchasers also constituting Transmission Project Participants, for the establishment by contract of the required security for the financing by CMEEC of its portion of the cost of acquisition of the Initial Transmission Project and other Transmission Projects, if any (with each such Power Purchaser entering into a GTSA referred to as a “Transmission Purchaser” with respect to its rights and obligations under such GTSA);

WHEREAS, such GTSA shall also provide that all payments required to be made by the Transmission Purchaser in accordance with the provisions of this Contract are to be pledged as security for the payment of such Indebtedness and the interest thereon to the extent of such Transmission Purchaser’s Entitlement Allocation as further defined hereunder, subject to the application thereof to such purposes and on such terms as provided in the CMEEC Transmission Bond Resolution, as hereinafter defined;

WHEREAS, TRANSCO has also issued Indebtedness of an interim, short term nature under the Act, to initially finance the costs, in part, of acquiring the Initial Transmission Project, and intends to refinance such interim, short term indebtedness with indebtedness which has a corresponding term of repayment no greater than the currently estimated approximate depreciable life of the Initial Transmission Project;

WHEREAS, CMEEC has entered into a Transmission Financing and Services Contract, as hereinafter defined, with TRANSCO for CMEEC to acquire transmission services from TRANSCO so as to provide for the transmission needs of the Power Purchasers;

WHEREAS, in order to enable TRANSCO to issue long term indebtedness, it is necessary to have executed GTSA's between CMEEC and the Transmission Purchasers which provides that all payments required to be made by CMEEC to TRANSCO in accordance with the provisions of the Transmission Financing and Service Contract are also to be pledged by TRANSCO as security for the payment of any such long term Indebtedness, and the interest thereon;

WHEREAS, as enabling requirements and conditions attached to the acquisition of the Initial Transmission Project, certain on-going obligations were established under the Purchase and Sale Documents, as hereinafter defined, that entail certain payment and other obligations which may accrue following the expiration of the Term, as hereinafter defined, of this Contract;

WHEREAS, Electric Products, as defined in the NEPOOL Agreement, as amended, and as otherwise defined and/or required by the rules and tariffs (the "ISO Tariff", as hereinafter defined) of the Independent System Operator-New England, Inc. ("ISO-NE") including Installed Capacity, Operable Capacity, Energy, Operating Reserve, Automatic Generation Control (as each of such capitalized terms are defined in the NEPOOL Agreement, as amended and the ISO Tariff) and any ancillary services or any modified, additional or successor products as set forth in any amendment to the NEPOOL Agreement and/or the ISO Tariff shall continue to be provided to the Power Purchasers;

WHEREAS, the Contract Party Transmission Purchaser desires to consolidate under this Contract the terms and conditions for the provision and supply of their requirements for all Transmission Services, as hereinafter defined, from CMEEC and payment therefore on the terms and conditions herein set forth (which services CMEEC, acting as agent for the Power Purchasers, previously billed to and collected from the Transmission Purchasers); and,

WHEREAS, the Contract Party Transmission Purchaser is also authorized to enter into this Contract pursuant to the provisions of the Act.

NOW, THEREFORE, in consideration of the mutual undertakings herein contained, the Parties hereto agree as follows:

SECTION 1: DEFINITIONS

The following words and terms shall be understood to have the following meanings when used in this Contract. Unless otherwise expressly defined herein, including as expressly defined in the Recitals, capitalized terms shall have the meaning afforded such terms as set forth in the ISO-NE Tariff or Transmission Operating Agreement, as amended, as such terms are further defined below.

- 1.1. Act: Chapter 101a of Title 7 of the General Statutes of Connecticut, as amended.
- 1.2. Additional Transmission Project: Any transmission asset, capacity, or the rights thereto acquired by TRANSCO in addition to the Initial Transmission Project.
- 1.3. Annual Budget: The budget adopted by the Board pursuant to Section 22 hereof.
- 1.4. Billing Statement: The written statement prepared for each month immediately subsequent to the month in which Transmission Service is provided by CMEEC pursuant to this Contract which shall be based in part upon the Annual Budget and which shall show for such month the amount to be paid by the Transmission Purchaser in accordance with the provisions of Section 2 hereof.
- 1.5. Board: The Board of Directors of CMEEC or any successor governing board of CMEEC.
- 1.6. CL&P: The Connecticut Light and Power Company, and its successors and assigns, if any, to the Purchase and Sale Documents and/or the Wholesale Distribution Agreement.
- 1.7. CMEEC: the Connecticut Municipal Electric Energy Cooperative, a public body corporate and politic organized and existing under and by virtue of the Act and its successors and assigns.
- 1.8. CMEEC Transmission Bonds: Indebtedness and Financial Contracts outstanding under, and secured by, any CMEEC Transmission Bond Resolution,
- 1.9. CMEEC Transmission Bond Resolution: Any resolution to be adopted by CMEEC authorizing the issuance of CMEEC Transmission Bonds, as amended and supplemented.
- 1.10. Comprehensive Management Services Agreement or CMSA: An Agreement dated as of June 1, 2011 by and between CMEEC and TRANSCO pursuant to which CMEEC supplies management and administrative services to TRANSCO.
- 1.11. Contract: This General Transmission Service Agreement or GTSA, dated as of June 1, 2011, between CMEEC and the Transmission Purchaser, as amended in accordance with its terms.
- 1.12. Contract Party Transmission Purchaser: The counter-party to this GTSA, other than CMEEC.
- 1.13. Credit Rating: Credit Rating shall mean the credit rating issued by a (US) nationally recognized credit rating agency with respect to the unsecured senior debt of the applicable entity.

1.14. Debt Service: With respect to any period, the aggregate of the amounts required by the CMEEC Transmission Bond Resolution to be paid during said period into any fund or account created by the CMEEC Transmission Bond Resolution for the sole purpose of paying the principal (including sinking fund installments) of and premium, if any, and interest on all the CMEEC Transmission Bonds as the same shall become due as set forth in the CMEEC Transmission Bond Resolution.

1.15. Entitlement Allocation: The percentage of entitlement interest of the Contract Party Transmission Purchaser in the Initial Transmission Project set forth in Exhibit I to this Contract, which Exhibit shall also evidence the specific Entitlement Allocation of each of the other Transmission Purchasers participating in the Initial Transmission Project, as provided in each of such Transmission Purchaser's respective GTSA. With respect to any Additional Transmission Project, the percentage of entitlement interest of the Contract Party Transmission Purchaser in each Additional Transmission Project and the equivalent Entitlement Allocations of the other Transmission Purchasers participating in such Additional Transmission Project, as provided under the GTSA of each of such other Transmission Purchasers shall be set forth in an amendment to Exhibit I to this Contract and to the GSAs of the other Transmission Purchasers. The Entitlement Allocation of the Transmission Purchaser in each Additional Transmission Project may vary from Transmission Project to Transmission Project depending on the entitlement interest of each Additional Transmission Project which a Transmission Purchaser elects to acquire.

1.16. Events of Default: The term "Events of Default", without further reference, refers to both Contract Party Transmission Purchaser Events of Default, as defined in Section 18, and CMEEC Events of Default, as defined in Section 21.

1.17. Federal Tax Exemption: The exclusion from Federal income taxation of interest paid or to be paid on the CMEEC Transmission Bonds.

1.18. FERC Accounts: The Federal Energy Regulatory Commission ("FERC") Uniform Systems of Accounts prescribed for Class A and Class B Public Utilities and licensees, as the same may be modified, supplemented or amended from time to time.

1.19. Financial Contract: To the extent CMEEC is permitted by law to enter into the same by itself or by TRANSCO, (i) any contract known as or referred to, or which performs the function of, an interest rate swap contract, currency swap contract, forward payment conversion contract or futures contract, (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, stock or other indices, (iii) any contract to exchange cash flows or payments or a series of payments, (iv) any type of contract, including, without limitation, interest rate floors or caps, options, puts or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or any other financial risk, or (v) any other type of contract or arrangement which CMEEC determines is to be used, or is intended, to manage or reduce the cost of Indebtedness, to convert any element of debt from one form to another, to minimize investment return risk, or to protect against any type of financial or investment risk or uncertainty.

1.20. Fixed Costs: All costs, attributable to any Transmission Project, charged to and recoverable from the Transmission Purchasers participating in each such Transmission Project, if not otherwise recovered under the ISO Tariff from third parties and paid to CMEEC and/or TRANSCO, which are paid or incurred by CMEEC and/or TRANSCO resulting from the construction, financing, ownership, operation, maintenance, retirement, repairs, renewals, replacements, additions, improvements, betterments and modifications to any Transmission Project, including without limitation, the following items:

- (i) The amount required under any Transmission Bond Resolution or Financial Contract to be paid or deposited during such month into any fund or account established by such Bond Resolution or Financial Contract for the payment of Debt Service on Bonds;
- (ii) The amount required under any Transmission Bond Resolution or Financial Contract to be paid or deposited during such month into any fund or account established by such Bond Resolution or Financial Contract (other than funds and accounts referred to in clause (i) above) including any amounts required to be paid or deposited by reason of the transfer of moneys from such funds or accounts to the funds or accounts referred to in clause (i) above, as a result of any Transmission Purchaser failing to make the payments set forth in Section 2
- (iii) All costs to be paid by CMEEC arising from the Purchase and Sale Documents;
- (iv) Any additional amount which must be realized by CMEEC during such month in order to meet the requirement of any rate covenant of any CMEEC Transmission Bond Resolution with respect to Debt Service coverage on the CMEEC Transmission Bonds;
- (v) Administrative and general costs of CMEEC which are directly related to any Transmission Project under this Contract, including the cost of working capital and financial assurance amounts not otherwise provided for, such as through equity investment by a Member, as determined by CMEEC, that are directly allocated to any Transmission Project not otherwise charged to CMEEC by TRANSCO, based on the principle that such administrative and general costs of CMEEC would not have been incurred if not but for such Transmission Project(s) and that such administrative and general costs shall be accounted for in a manner consistent with the FERC Uniform System of Accounts and are presently assumed to be recoverable under the current ISO Tariff, which is subject to change. These administrative and general costs are, in part, occurring, quantified, and billed from CMEEC to TRANSCO under the CMSA; and.
- (vi) All costs required to be paid by CMEEC pursuant to the Transmission Service and Financing Agreement which are not Usage Related Transmission Costs.

1.21. General Transmission Services Agreements or GTSAs: This Contract and the GTSAs entered into between CMEEC and the other Transmission Purchasers that are Transmission Project Participants in the Initial Transmission Project. Additional GTSAs may be executed in the future with other Transmission Purchasers in which case the GTSAs shall be deemed to include the GTSAs with such other Transmission Purchasers.

1.22. Indebtedness: All indebtedness in respect of borrowed money, whether or not represented by bonds, debentures, notes or other securities, and all contracts, guaranties, assumptions and other obligations in respect of borrowed money, or to purchase or otherwise acquire, indebtedness of others in respect of borrowed money.

1.23. Initial Transmission Project: The acquisition on June 1, 2011 and subsequent operation of approximately twelve (12) circuit miles of 345 kilovolt (“kV”) and 115 kV rated poles and conductors and related equipment primarily located in the Town of Wallingford and, formerly owned by CL&P, contracted to be operated and maintained by CL&P, including any renewals, replacements, repairs, additions, improvements, betterments, and modifications or removals which are determined by CL&P and ISO-NE to be required and are approved pursuant to any applicable regulatory approval processes, as necessary, to maintain such poles, conductors and related equipment consistent and in conformity with Prudent Utility Practices in good operating condition, and, without limitation of the foregoing, comprising the full complement of the transmission assets and rights acquired by TRANSCO from CL&P pursuant to the Purchase and Sale Documents.

1.24. ISO-NE: The Independent System Operator-New England, Inc, a regional transmission organization (“RTO”) authorized by FERC that operates the New England Electric Transmission System pursuant to the TOA subject to the requirements of the bulk power supply reliability of the New England Electric Transmission System.

1.25. ISO Tariff: The terms and conditions, as they may be amended, under which ISO-NE administers and imposes charges for the provision of network transmission service at wholesale, including the Regional Network Service (“RNS”) Rate which is a formula type rate previously approved by FERC. Under current arrangements, the RNS Rate is updated June 1 of each Year and is based on the aggregate total transmission revenue requirements of all Transmission Owners for owning and operating qualified “Pool Transmission Facilities” (as such term is defined in the TOA).

1.26. Local Network Service: The applicable Local Network Service for which the applicable Local Network Service Rate is charged, determined in accordance with Schedule 9 to the ISO Tariff, which is applicable to a load in the particular Local Network, as defined in the ISO Tariff, in which the load served by the Transmission Purchaser is located. In the event the Transmission Purchaser serves Regional Network Load, as defined in the ISO Tariff, located on more than one Local Network, the amount to be paid by it shall be separately computed for the Regional Network Load and the load located on each Local Network.

1.27. Monthly Transmission Costs: With respect to any month, the sum of Fixed Costs and Usage Related Transmission Costs.

1.28. Pool Transmission Facilities: The Transmission Facilities rated 69 kV or above which allow energy from significant power sources to move freely on the New England Transmission System owned by participating Transmission Owners, over which ISO-NE exercises operating authority in accordance with the terms of the Transmission Operating Agreement.

1.29. Power Purchaser: Power Purchaser shall mean each of the Member Power Purchasers and the Participant Power Purchasers.

1.30. Prudent Utility Practice: Defines a spectrum of possible practices, methods or acts which in the exercise of reasonable judgment would have been expected to achieve a desired result, and the term is not intended to be limited to the optimum practice, method or act, to the exclusion of all others. In evaluating whether any matter conforms to Prudent Utility Practice, the Parties shall take into account (i) the nature of the parties thereto under the laws of the State of Connecticut and the statutory duties and responsibilities thereof, (ii) the applicable provisions and requirements of the ISO-NE, and any related contracts or any entity established thereunder, (iii) in the case of any entitlement jointly owned or contracted for, the applicable ownership or contracts among the owners of the facility, and (iv) practices, methods or acts engaged in or acknowledged by a reasonable portion of the electric utility industry, including but not limited to appropriate insurances and coverage.

1.31. Purchase and Sale Documents: The Purchase and Sale Agreement, dated as of December 16, 2010 by and between TRANSCO and CL&P, including all attachments, exhibits and additional agreements required to be executed to accomplish the closing of the acquisition of the Initial Transmission Project by TRANSCO, including but not limited to the Operation and Maintenance Agreement which has an initial term running through December 31, 2050, and which obligates TRANSCO for the payment of, among other things, monthly operation and maintenance expenses and capital additions as contemplated therein.

1.32. Regional Network Service: The transmission service denominated Regional Network Service and administered by ISO-NE pursuant to the ISO Tariff.

1.33. Regional Network Load: The billing determinant for establishing the Contract Party Transmission Purchaser's share of responsibility for the costs of Regional Network Service under the ISO Tariff and/or Local Network Service. As currently determined under the terms of the ISO Tariff and applicable Local Network Service, this is the Contract Party Transmission Purchaser's monthly Regional Network Load which is its hourly load coincident with the coincident aggregate load of all Network Customers served in each Local Network in the hour in which the coincident load is at its maximum for the month ("Monthly Peak").

1.34. Transmission Bond Resolutions: The TRANSCO Bond Resolution and the CMEEC Transmission Bond Resolution.

1.35. TRANSCO Bond Resolution: The "Transmission System Revenue Bond Resolution," adopted by the Board of Directors of TRANSCO on May 13, 2011, as hereafter from time to time amended and supplemented and any other instrument adopted or executed by TRANSCO which provides for the security or payment of the TRANSCO Bonds.

1.36. Transmission Financing and Service Contract: The Transmission Financing and Services Agreement, dated as of May 1, 2011 by and between CMEEC and TRANSCO, as amended from time to time.

1.37. Transmission Funding Agreement: The Transmission Funding Agreement, dated as of May 1, 2011, between CMEEC and TRANSCO, as amended from time to time.

1.38. Transmission Operating Agreement or TOA: The Agreement dated as of February 1, 2005 as amended, between ISO-NE and the participating Transmission Owners which provides the operating authority and control to ISO-NE over the New England Transmission System and provides payments to the participating Transmission Owners and reserves, among other things, the rights of the participating Transmission Owners owning Pool Transmission Facilities the rights to continue to own, physically operate and maintain their Transmission Facilities.

1.39. Transmission Project: The Initial Transmission Project and any Additional Transmission Project that may occur under this Contract.

1.40. Transmission Project Participant: The entity who pursuant to a GTSA commits to an Entitlement Allocation or other entitlement rights thereof in a Transmission Project, and that thereby assumes the obligation to pay for the Fixed Cost associated with such Entitlement Allocation.

1.41. Transmission Purchaser: When referred to individually, in context, a party to a GTSA, other than CMEEC, and excluding the Contract Party Transmission Purchaser.

1.42. Transmission Purchasers: The entities to whom CMEEC supplies Transmission Services, which may or may not be Transmission Project Participants or TRANSCO Members, pursuant to the GTSAs, which may include the Contract Party Transmission Purchasers.

1.43. Transmission Services: The transmission related services secured by CMEEC from TRANSCO that are provided pursuant to this Contract to the Contract Party Transmission Purchaser by CMEEC and to other Transmission Purchasers pursuant to each such Transmission Purchaser's GTSA, including but not limited to (1) Regional Network Service under the ISO Tariff, and (2) Local Network Service from any Transmission Owner, as are required of the Contract Party Transmission Purchaser and each such Transmission Purchaser under FERC approved tariffs, and (3) the use of any sub-transmission facilities used by the Contract Party Transmission Purchaser or the Transmission Purchasers which are not considered "Pool Transmission Facilities" as provided in the Wholesale Distribution Agreement or any successor agreement .

1.44. TRANSCO: Connecticut Transmission Municipal Electric Energy Cooperative, a public body corporate and politic organized and existing under and by virtue of the Act, and its successors and assigns.

1.45. TRANSCO Member: A current member of TRANSCO which has qualified for and become a member of TRANSCO and has not withdrawn from membership, all as provided by the Act.

1.46. Trustee: The Trustee, from time to time, under the CMEEC Transmission Bond Resolution.

1.47. Uncontrollable Forces: Any cause beyond the control of CMEEC or any party with whom CMEEC contracts with respect to Transmissions Services including, without limitation, TRANSCO or ISO-NE, and which by the exercise of due diligence, CMEEC or such other third party is unable to prevent or overcome, including but not limited to, failure or refusal of any other person or entity to comply with the existing contracts, an act of God, fire, flood, explosion, strike, sabotage, pestilence, an act of the public enemy, civil or military authority including court orders, injunctions, and orders of governmental agencies with proper jurisdiction or the failure of such agencies to act, insurrection or riot, an act of the elements, failure of equipment, inability or any person or entity engaged in work on any Transmission Project to obtain or ship any materials or equipment to be utilized in any Transmission Project because of the effect of similar causes on suppliers or carriers.

1.48. Usage Related Transmission Costs: The items of cost and expense set forth in Section 3 that are accrued or paid during each month of each Year.

1.49. Wholesale Distribution Agreement: The agreement between the CL&P and CMEEC, dated as of December 1, 2010, which provides for the use and payment of certain sub-transmission facilities owned by CL&P and utilized by certain of the Transmission Purchasers or any successor agreement which CMEEC will use good faith efforts to ensure such agreement survives for the benefit of the applicable Transmission Purchasers. All or a portion of the rights and obligations under the Wholesale Distribution Agreement may be assigned and/or transferred by CMEEC to TRANSCO; but, in the case of any such assignment, CMEEC shall cause TRANSCO to perform said agreement and shall be responsible to the Contract Party Transmission Purchaser therefor.

1.50. Year: A calendar year.

SECTION 2. SUPPLY AND PURCHASE OF TRANSMISSION SERVICES AND CONTRACT PARTY TRANSMISSION PURCHASER OBLIGATION TO PAY FIXED COST AND USAGE RELATED TRANSMISSION COSTS.

2.1 Except as otherwise provided in Section 13 hereof in the event of the withdrawal of the Contract Party Transmission Purchaser, CMEEC hereby agrees to provide or cause to be provided to the Contract Party Transmission Purchaser and the Contract Party Transmission Purchaser shall hereby obtain from CMEEC all Transmission Services required by the Contract Party Transmission Purchaser. CMEEC shall secure all Transmission Services from TRANSCO to meet the needs of the Contract Party Transmission Purchaser. CMEEC shall meter all Transmission Service provided to the Contract Party Transmission Purchaser at the point or points of interconnection set forth in Exhibit II of this Contract. The Contract Party Transmission Purchaser agrees that all amounts payable by Contract Party Transmission Purchaser under this Contract shall be deemed an operating expense of the Contract Party Transmission Purchaser and shall not be subordinated to any other obligations of the Contract Party Transmission Purchaser. The Contract Party Transmission Purchaser shall pay for the provision of Transmission Services by paying the sum of its, as applicable, Entitlement Allocation of Fixed Costs for any month

based upon the Annual Budget prepared pursuant to this Contract, and its share of the Usage Related Transmission Costs for each month, calculated in accordance with Section 3 hereof.

2.2. Contract Party Transmission Purchaser's obligation to pay its Entitlement Allocation of Fixed Cost shall be payable irrespective of whether any Transmission Services are provided by CMEEC or whether any Transmission Project is operating or operable and any such payment shall not be subject to any reduction, whether by offset, counterclaim, or otherwise, and shall not be conditioned upon the performance by CMEEC under this Contract or any other contract or instrument. Notwithstanding any early withdrawal, default, or expiration of term from this Contract, the Contract Party Transmission Purchaser, as provided for in Section 13, shall be obligated to pay its Entitlement Allocation of all unpaid Fixed Costs and up to the effective date of such withdrawal, default or termination, any outstanding Usage Related Transmission Cost incurred on behalf of the Contract Party Transmission Purchaser. Provided payment is made by such Contract Party Transmission Purchaser for its Entitlement Allocation of unpaid Fixed Costs and subject to the limitations of Section 13 and that there is no Contract Party Transmission Purchaser Event of Default outstanding, the Contract Party Transmission Purchaser shall receive (i) any Funds held by TRANSCO or CMEEC that have been accrued directly for the interest or benefit of the Contract Party Transmission Purchaser and, (ii) the full economic benefits due to the Contract Party Transmission Purchaser as a direct result of its retained Entitlement Allocation in any Transmission Project.

2.3. If the Contract Party Transmission Purchaser is not a Transmission Project Participant, has no Entitlement Allocation in any Transmission Project and is only procuring Transmission Services from CMEEC which do not involve the incurrence of Fixed Cost obligations, the Contract Party Transmission Purchaser shall not be obligated for the payment of such Fixed Cost obligations as provided herein and shall only be responsible for the payment of Usage Related Transmission Costs as defined in Section 3 hereof.

2.4.1. CMEEC will develop and submit to the Board a proposed Annual Budget for such Year as set forth in Section 22 herein. The Board shall consider, modify as required, and officially approve and adopt the Annual Budget prior to the beginning of each Year; provided, however, the Annual Budget for the first Year shall be prepared, considered, modified as required, officially approved and adopted, and delivered in the most practicable manner available prior to the date upon which Transmission Services commence. Within thirty (30) days of the CMEEC Board officially approving and adopting the Annual Budget, the Contract Party Transmission Purchaser and all other Transmission Purchasers shall be issued by CMEEC their respective line items of projected Monthly Transmission Costs. In connection with the Annual Budget, CMEEC shall provide a separate line item for the amounts projected to be credited to the Contract Party Transmission Purchaser as a result of its Entitlement Allocation of the Fixed Costs, which are reasonably believed, but not guaranteed, to be recovered, in part or in whole, through the ISO Tariff and the Local Network Service rate as applicable, including any benefits due to an increase in Fixed Costs resulting from a default by any of the other Transmission Purchasers.

CMEEC shall also separately identify any additional credits or charges as may apply to the Contract Party Transmission Purchaser. As required from time to time during any Year, the Board may, pursuant to the foregoing provisions for officially approving and adopting the Annual Budget, officially approve and adopt an amended Annual Budget for and applicable to

the remainder of such Year. Should the Annual Budget be amended, within thirty (30) days of the officially approved and adopted amendment, the Contract Party Transmission Purchaser and all other Transmission Purchasers shall be issued by CMEEC its respective line items of amended projected Monthly Transmission Costs.

2.4.2. Notwithstanding anything herein to the contrary and in addition to the procedures mandated by Sub-section 2.4.1 and Section 22, the Transmission Project Participants in any Transmission Project, following the initial acquisition of a Transmission Project, thereafter shall first review and approve any expansion, entailing a capital expenditure, and not otherwise required by: (a) the requirements of Prudent Utility Practice and/or as required to keep the Transmission Project in good operating condition; or (b) an existing contractual undertaking by CMEEC and/or TRANSCO to or with a third-party (other than CMEEC, TRANSCO or any Transmission Purchaser) with respect to the Transmission Project in which such Transmission Project Participants hold an Entitlement Allocation. Such approval shall require the consent of each of the Transmission Project Participants (not then in default under each of their respective GTSAs and including any entity remaining as a Transmission Project Participant but which has withdrawn pursuant to Section 13), in the affected Transmission Project. The Transmission Purchaser hereby delegates to its representatives on the CMEEC Board or, if not represented on the Board, through an officer designated in a notice transmitted to CMEEC, all requisite authority for the taking of actions pursuant to this Sub-section by a Transmission Purchaser.

2.5. CMEEC will keep or cause to be kept accurate records and accounts with respect to the Transmission Services as generally prescribed in FERC Accounts. Said accounts shall be audited annually as part of the CMEEC annual audit by an independent firm of certified public accountants selected by CMEEC.

2.6. Within thirty (30) days after the completion of CMEEC's annual audit (commencing with the Year following the Year in which this Contract becomes effective), CMEEC shall furnish the Contract Party Transmission Purchaser a statement of the actual aggregate Monthly Transmission Costs for the previous Year and the savings realized by the Contract Party Transmission Purchaser, if any, as a result of being a Transmission Project Participant.

2.7. The Contract Party Transmission Purchaser may elect to have CMEEC establish and maintain one or more special funds related to the provision of Transmission Services similar to the CMEEC rate stabilization fund or a working capital fund which shall be owned by and held for the sole benefit of Contract Party Transmission Purchaser under this Contract. Unless otherwise agreed to by Contract Party Transmission Purchaser, any such Contract Party Transmission Purchaser's special fund(s) shall be maintained by CMEEC in accounts segregated from other CMEEC funds and shall be invested for the benefit of the Contract Party Transmission Purchaser in accordance with CMEEC's policies for investing such funds, as approved by the Board. If the Contract Party Transmission Purchaser requests CMEEC to establish such funds, CMEEC agrees to include the funding of such funds in the Annual Budget of CMEEC and shall bill any such amounts directly to the Contract Party Transmission Purchaser as a Usage Related Transmission Cost. Provided there is no Contract Party Transmission Purchaser Event of Default then outstanding, in the event of any withdrawal or early termination as provided for in Section 13, any funds created under this Sub-section 2.7

shall be distributed to the Contract Party Transmission Purchaser or otherwise applied in accordance with Section 13.

2.8. The Contract Party Transmission Purchaser, if otherwise authorized to do so, shall be permitted to participate and vote through its representatives in any decisions to be made by CMEEC or the CMEEC Board of Directors in the administration, performance and/or enforcement of this Contract as and to the extent provided under the Act and the duly adopted by-laws and policies of CMEEC, *provided* and only if such Contract Party Transmission Purchaser is not then in default under this Contract.

SECTION 3. USAGE RELATED TRANSMISSION COSTS AND ALLOCATION:

3.1. CMEEC shall allocate the Usage Related Transmission Costs billed to CMEEC by TRANSCO each month to the Transmission Purchasers and charge the Contract Party Transmission Purchaser the Usage Related Transmission Costs allocated to the Contract Party Transmission Purchaser. CMEEC shall establish the allocation to the Contract Party Transmission Purchaser of such Usage Related Transmission Costs based on the method for such allocation (the "Allocation Method") established in the ISO Tariff or, if the ISO Tariff is not applicable, such other applicable and authorized mechanism for establishing each separate component of Usage Related Transmission Costs. The Allocation Method shall be applied on a uniform basis to the applicable billing determinants of all Transmission Purchasers which have entered into a GTSA with CMEEC and shall allow for the recovery by CMEEC in aggregate of all Usage Related Transmission Costs incurred by CMEEC with respect to the provision of Transmission Services to all the Transmission Purchasers then receiving Transmission Services from CMEEC and the joint incurrence and sharing of such cost among all the Transmission Purchasers, without double or over-recovery of such Usage Related Transmission Costs. The Allocation Method shall be set forth in the Annual Budget pursuant to the procedures established in Section 2 of this Contract. The Usage Related Transmission Costs with respect to the Contract Party Transmission Purchaser shall be divided into two categories, Category A and Category B, as further defined below.

3.1.1. Category A, Usage Related Transmission Costs. Category A Usage Related Transmission Costs shall be the sum of the following items:

(a) The ISO Tariff rate for Regional Network Service as applied to the Contract Party Transmission Purchaser by the Allocation Method, subject to the provisions of CMEEC's prevailing wholesale rate tariff or any other controlling agreement for the reconstitution of loads for any load reduction or demand response or distributed generation measures.

(b) The applicable Schedule 21 charges as filed with FERC by any Transmission Owner providing Local Network Service to the Contract Party Transmission Purchaser pursuant to the Allocation Method conforming to the method for allocation of the recovery of the costs of Local Network Service as set forth in the Schedule 21 tariff of the Transmission Owner then in effect and applicable to Category A Transmission Facilities and Category B Transmission Facilities, as such terms are defined in the TOA.

- (c) Monthly charges applicable to the Contract Party Transmission Purchaser under the Wholesale Distribution Contract.
- (d) A loss adjustment factor determined by either ISO-NE or CMEEC as applicable to the Contract Party Transmission Purchaser.
- (e) The Contract Party Transmission Purchaser's share based on the then applicable Allocation Method of monthly resettlement adjustments billed or credited to TRANSCO from ISO-NE under the ISO Tariff.
- (f) The Contract Party Transmission Purchaser's share based on the then applicable Allocation Method of monthly or annual true up adjustments billed or credited to TRANSCO and or CMEEC from any Transmission Owner providing Local Network Service.
- (g) The Contract Party Transmission Purchaser's share based on the then applicable Allocation Method of administrative and general services charges billed to TRANSCO from CMEEC under the CMSA which are related to the providing of Transmission Services under this Contract, or not otherwise charged to CMEEC by TRANSCO pursuant to the Transmission Financing and Services Contract and/or the CMSA and/or any other services agreement between CMEEC and TRANSCO.
- (h) Unless otherwise funded through Indebtedness of CMEEC or TRANSCO and not recovered as a Fixed Cost pursuant to Section 2 or otherwise directly funded by the Contract Party Transmission Purchaser with respect to its share of such amount based on the then applicable Allocation Method, a working capital amount and associated expense, necessary to cover the obligations of TRANSCO required to be paid or prepaid in any month prior to receipt of funds from the Contract Party Transmission Purchaser for the providing of Transmission Services under this Contract, including but not limited to, the cost of any financial assurance required to be paid by TRANSCO for providing such Transmission Services to the Contract Party Transmission Purchaser .
- (i) The costs incurred in connection with or arising from costs of Indebtedness incurred in connection with the provision of Transmission Services which are other than the costs of Indebtedness recovered as a Fixed Cost obligation and other costs incurred under Financial Contracts as defined under the Transmission Bond Resolutions.

The Contract Party Transmission Purchaser shall receive credits applicable against its Category A Usage Related Transmission Costs or adjustments to such costs resulting from such other alternative implementation methods to ensure, within the limitations of applicable tax law or other applicable laws or regulations, that the Contract Party Transmission Purchaser receives all the economic benefit for all of its Entitlement Allocations in the Transmission Projects, and, subject to the provisions of Sub-section 3.1.2, for the Contract Party Transmission Purchaser's respective credits for ownership and operation of Pool Transmission Facilities as received by CMEEC under the ISO Tariff (the "Direct PTF Credits").

3.1.2. Category B Usage Transmission Related Costs. Category B Usage Related Transmission Costs shall be all those costs incurred by TRANSCO and under the CMSA related to any regulatory filings and/or administrative activities undertaken by TRANSCO with respect to specific Pool Transmission Facilities owned and/or operated by the Contract Party Transmission Purchaser.

The Direct PTF Credits shall be applied, first against such Category B Usage Related Transmission Costs, and, if any credit is then remaining, applied against the Category A Usage Related Transmission Costs allocated to the Contract Party Transmission Purchaser, if any.

SECTION 4. TRANSFER OF ENTITLEMENT ALLOCATIONS.

4.1. General Provisions for Structured Process for Transfer of Entitlement Allocations. The process for the transfer of Entitlement Allocations is set forth in this Section 4 and shall be the sole method by which Entitlement Allocations may be transferred (the “Transfer Process”). The party transferring its Entitlement Allocation is referred to as the “Seller”. The entity to which the Entitlement Allocation is transferred is referred to as the “Purchaser”. A Purchaser must be a Qualified Entity as set forth in Section 4.3. A party, which is or goes into or creates a Contract Party Transmission Purchaser Event of Default under its respective GTSA at any time during the transfer process, may not be a Purchaser or a Seller. If at any time during the Transfer Process a Purchaser or Seller incurs an event of default under its respective GTSA, the Transfer Process shall cease and be void, but may be reinitiated after the default has been cured. A Seller may elect to transfer its Entitlement Allocation at any time during the term of this Agreement. A Seller may transfer its Entitlement Allocation in all or less than all of the Projects in which it has an Entitlement Allocation, and may transfer less than all of its Entitlement Allocation in any one Project. The Transfer Process is intended, generally, to: i) authorize the sale of an Entitlement Allocation to any Qualified Entity of the Seller’s choosing after notice and opportunity to other Transmission Purchasers is provided and in accordance with this section four; ii) ensure that the obligations and benefits of the Entitlement Allocation transferred by the Seller become the obligations and benefits of the Purchaser to the same extent they were of the Seller, iii) authorize the transfer of Entitlement Allocations while maintaining or improving the ability of CMEEC or Transco to finance their activities, pledge the GTSA and other agreements to secure their Transmission Bonds and Financial Contracts, and (iv) subject to the provisions of (i) through (iii), allow the Seller and Purchaser to supplement the terms of the purchase and sale of the Entitlement Allocation with other economic incentives of their choosing completely outside the scope of and without effect on the GTSA and other Transmission Purchasers. This Section 4 shall be the exclusive authority and process for transferring the Contract Party Transmission Purchaser’s Entitlement Allocations.

4.2.1. Elective Transfer of Full or Partial Entitlement Allocation. The Seller shall give to CMEEC and to each Transmission Purchaser fifteen (15) days’ notice, or such longer period as determined by the Seller uniformly applied across all Transmission Purchasers, of its intent to sell its Entitlement Allocation. Notice shall be sent to the Transmission Purchasers’ representatives on file with CMEEC by facsimile and e-mail. The first day of the notice period shall commence with the day following the day the notice was sent and end on 5 PM on the fifteenth day thereafter. Prior to the expiration of the notice period, the Transmission Purchasers may indicate to the Seller their interest to acquire the Entitlement Allocation set forth in the

notice. The Seller may then negotiate and consummate terms and conditions with the Purchaser of its choosing, subject to the provisions of this GTSA. The transfer shall require the Purchaser to assume all of the Seller's obligations with respect to the transferred Entitlement Allocations, to receive all of the corresponding economic benefits associated with such Entitlement Allocations, and if not a party to a GTSA, enter into a GTSA, with terms and conditions substantially equivalent to this GTSA, including an expiration date that is the same as the existing GTSAs, with respect to the transferred Entitlement Allocation, which CMEEC will negotiate in good faith with respect to such party provided such party is a Qualified Entity as further defined in Sub-section 4.3 below. Nothing herein shall prohibit the Seller and Purchaser from entering into agreements providing for other payments and consideration, provided they shall not affect, control, be binding upon, set-off, provide rights in or to, or otherwise impact CMEEC, other Transmission Purchasers, and the terms and conditions of any GTSA, the manner or amount of payments due to or from any Transmission Purchasers, CMEEC, Transco, Power Purchasers, or other parties to or the terms of the transactions, agreements or bond resolutions contemplated by or referenced in this Agreement, and the agreements providing for other payments and consideration shall so specifically state. The terms and conditions of the Purchase and Sale by and between the Seller and Purchaser other than set forth herein shall remain confidential to the Purchaser and Seller except as otherwise required pursuant to applicable law, and such other payments or consideration shall be processed and settled outside this Contract and without the involvement of CMEEC and/or TRANSCO.

4.2.2. Final Settlement of Elective Transfer of Entitlement Allocations. Prior to the transfer of an Entitlement Allocation the Purchaser shall demonstrate through closing documentation satisfactory to CMEEC and its legal counsel that the conditions of Section 4 have been met. Exhibit 1 shall be revised to reflect the transfer by subtracting the transferred Entitlement Allocation from the Seller and adding it to the Purchaser or Purchasers.

4.2.3. Transfer Settlement for Elective Transferor. CMEEC shall charge the Seller with all costs and expenses incurred by CMEEC pursuant to this Section 4 related to the transfer of the Purchaser's Entitlement Allocation(s).

4.3. Conditions to Transfer; Qualified Entity Definition; Qualified Financial Advisor Definition. Any entity eligible to be a Purchaser pursuant to this Section 4 (a "Qualified Entity") shall satisfy the following conditions prior to any such transfer becoming effective: (i) CMEEC shall obtain an opinion of legal counsel of national standing selected by CMEEC to the effect that the Federal Tax Exemption will not be adversely affected by a transfer of Entitlement Allocation to such entity; (ii) such entity, with such reasonable assistance from CMEEC as may be appropriate as determined by CMEEC, shall secure a determination by a nationally recognized credit rating agency that the proposed transfer shall not adversely affect the Credit Rating of any then outstanding Transmission Bonds; (iii) such entity is otherwise legally authorized and permitted to acquire the Entitlement Allocation(s) in the Transmission Project(s) subject to transfer; and (iv) such entity shall enter into such agreements with CMEEC as are required or appropriate as determined by CMEEC to legally obligate it to pay for the Fixed Costs associated with the Entitlement Allocation which the Qualified Entity has agreed to assume pursuant to the transfer to it of such Entitlement Allocation. In connection with clause (i) of this subsection, at the request and sole expense of either or both of the Purchaser and Seller, and at

the sole and absolute discretion of CMEEC, CMEEC may consider or undertake remedial action pursuant to 26 C.F.R. section 1.141-12 or any subsequent or other rules or regulations applicable to the change in use, remedial action or preservation of tax exemption, to implement the transfer of the Entitlement Allocation in compliance with or as an alternative to the requirements of clause (i). CMEEC shall exercise its reasonable judgment in the administration of this section and shall not unreasonably withhold its consent to the determination of eligibility of a Qualified Entity or to the entry into a GTSA by such Qualified Entity, constituting a Purchaser, provided the provisions of this Section 4 are complied with by the Seller and Purchaser.

4.4. Contract Party Transmission Purchaser as Transferee. If the Contract Party Transmission Purchaser is the Purchaser of an Entitlement Allocation in a Transmission Project by another Transmission Purchaser pursuant to parallel provisions of this Section 4 under such Transmission Purchaser's GTSA, Exhibit I to this Contract shall be amended to reflect the results of such purchase and the Contract Party Transmission Purchaser, as the Purchaser, shall comply with and satisfy all the requirements of this Section 4 applicable to such transfer, including its responsibility and obligation to pay for the Fixed Costs associated with such Entitlement Allocation assumed by the Purchaser in such transfer as provided in this Section 4.

4.5. Obligation of Seller Post Transfer. Except as otherwise provided in Section 13, the Seller of an Entitlement Allocation pursuant to this Section 4 shall remain liable for all payments to be made on its part pursuant to this Contract accruing to the account of the Seller with respect to such transferred Entitlement Allocation prior to the transfer of such Entitlement Allocation to the Purchaser; but shall not have liability with respect to such transferred Entitlement Allocation following the effective date of such transfer, which liability shall be the responsibility of and for the account of the Purchaser.

SECTION 5: TRANSMISSION PROJECTS.

5.1. Each of the Transmission Purchasers participating in and committing to participation in the Initial Project shall have an Entitlement Allocation in the Initial Project as designated opposite the name of each of the Transmission Purchasers in Exhibit I to this Contract. The Entitlement Allocation of any of the Transmission Purchasers in each Additional Transmission Project, as undertaken pursuant to the GTSA's, may vary from Transmission Project to Transmission Project. Membership in TRANSCO by a Transmission Project Participant is not a pre-requisite to participation in any Transmission Project; provided that in order to participate in a Transmission Project, the entity seeking such participation must first execute a GTSA, must not be in default under such GTSA, and be approved by the Board for such participation and otherwise conform to the requirements of the GTSA for such participation, including the requirements set forth in this Section 5. Any non-member of TRANSCO participating in a Transmission Project shall assume and/or be responsible for, in proportion to its Entitlement Allocation, the rights and obligations and liabilities, if any, owed by members in TRANSCO resulting from their participation in the affected Transmission Project, pursuant to Sub-sections 6.4.1, 13.4 and 27.3 hereof.

5.2. The Contract Party Transmission Purchaser shall have the option to purchase an Entitlement Allocation for any Additional Transmission Project, prior to its commencement, provided such

Contract Party Transmission Purchaser is not in default under this Contract, complies with the requirements for such participation as set forth in this Section 5, and if a not a member of Transco is subject to CMEEC Board approval. The costs of any Additional Transmission Projects shall be calculated and processed as Fixed Costs for the specific Additional Transmission Project and assigned based on the specific respective Entitlement Allocations in such Additional Transmission Project of the Contract Party Transmission Purchaser and of the other Transmission Purchasers. An Additional Transmission Project shall only be commenced and its associated Fixed Cost obligations shall only be included in Fixed Costs as defined herein and due and payable from the Contract Party Transmission Purchaser, if one hundred per cent (100%) of the Entitlement Allocation in such Additional Transmission Project is fully subscribed and committed to by the participating Transmission Purchasers, and: (i) all the Transmission Purchasers have an Entitlement Allocation in such Additional Transmission Project; or (ii) if less than all of the Transmission Purchasers agree to an Entitlement Allocation in such Additional Transmission Project, where the Entitlement Allocation(s) in such Additional Transmission Project, are committed to by Transmission Purchasers who are responsible for at least seventy-five per cent (75%) of the Fixed Cost obligations of the Initial Transmission Project; or (iii), if (i) or (ii) are not applicable, any other agreed participation by the Transmission Purchasers in any such Additional Transmission Project, provided that CMEEC receives a confirmation of the current ratings of the CMEEC Transmission Bonds from one of the national credit rating agencies rating the CMEEC Transmission Bonds based on the proposed participation in the Additional Transmission Project. Nothing in this section 5.2, shall be deemed to prevent the subsequent transfer of Entitlement Allocations which are effected in conformity with Section 4 hereof.

5.3. CMEEC shall include the costs of any Additional Transmission Project in the Fixed Costs applicable to such Additional Transmission Project and shall include the Entitlement Allocations for the Additional Transmission Project in an amendment to Exhibit I to this Contract, provided however, with respect to any such Additional Transmission Project described in Subsection 5.2 the Entitlement Allocations of the Contract Party Transmission Purchaser shall be revised, as applicable to each such Additional Transmission Project, if the Contract Party Transmission Purchaser is a Transmission Project Participant in such Additional Transmission Project to reflect its Entitlement Allocation in such Additional Transmission Project.

5.4. Nothing contained herein shall be deemed to preclude CMEEC from acquiring a transmission project or financial contract on behalf of the Contract Party Transmission Purchaser or other Transmission Purchasers for the sole benefit of the Contract Party Transmission Purchaser or such other Transmission Purchasers pursuant to a contract with the Contract Party Transmission Purchaser or such other Transmission Purchasers other than the GTSA's.

SECTION 6: COVENANTS OF CMEEC:

6.1. Pursuant to the Transmission Financing and Services Contract, CMEEC shall provide or cause to be provided from TRANSCO, pursuant to the terms of this Contract, the Transmission Services required by CMEEC to meet its obligations to the Transmission Purchasers.

6.2. Concurrently with the execution of this Contract or as otherwise agreed by the Parties, the Contract Party Transmission Purchaser shall assign or provide such appropriate consents to

permit CMEEC to assign to TRANSCO, all of the Contract Party Transmission Purchaser's and/or CMEEC's right, title and interest under the TOA, the Wholesale Distribution Agreement or the ISO Tariff or any other rules and regulations applicable to the provision of the Transmission Services and the Contract Party Transmission Purchaser hereby authorizes CMEEC to perform and/or CMEEC to authorize TRANSCO to perform as its agent, such duties and obligations of either contained in existing transmission related agreements to which CMEEC is a party as shall be requested by CMEEC.

6.3. The delivery of Transmission Services to the Contract Party Transmission Purchaser may be interrupted or curtailed or become subject to failure or cessation, whether due to Uncontrollable Forces or other reasons; provided, however, that such interruption or curtailment shall not relieve the Contract Party Transmission Purchaser of its obligations to make payments under this Contract and in no such event shall CMEEC be liable for any such failure, cessation, interruption or curtailment.

6.4.1. On or before one hundred and twenty (120) days prior to the expiration of the initial term or any renewal or extended terms of the GTSAs entered into by the Transmission Purchaser(s) with CMEEC (such date referred to herein as the "GTSA Expiration Date"), CMEEC shall cause, direct, and coordinate with TRANSCO so that TRANSCO takes such measures to provide for the conduct of TRANSCO's operations and business following the GTSA Expiration Date, which measures shall include, without limitation, (a) the sale of any interests owned or held by TRANSCO in any Transmission Projects to third parties or one or more of the Transmission Purchasers including the Contract Party Transmission Purchaser, (b) the recovery and receipt of any payments due TRANSCO from third-parties, (c) the transfer and assignment of any on-going transmission service arrangements with third-parties not relating to the Transmission Projects (the "New Agents") to each of the Final Transmission Purchasers (as hereinafter defined), or, if otherwise provided for CMEEC to take assignment of such New Agents, to CMEEC for the benefit of the Final Transmission Purchasers; (d), the termination of any contract arrangements with CMEEC or with any third party entities, other than as required to make effective this section 6.4.1 or as required by (a) through (c) above; and (e) any such other measures as TRANSCO shall reasonably undertake pursuant to its corporate powers as provided under the Act. CMEEC shall cause TRANSCO to conduct its affairs and undertake such measures as described in the preceding sentence to preserve the non-recourse nature of its operations (collectively, the "Post-GTSA Measures"). In the event that TRANSCO's performance of the Post-GTSA Measures results in net proceeds accruing to TRANSCO after providing for all its obligations and liabilities, CMEEC shall cause TRANSCO to remit to CMEEC, and, in turn, CMEEC shall forward to the Final Transmission Purchaser(s) such amounts in proportion to each such Final Transmission Purchaser's Entitlement Allocation share increased proportionately, if applicable, to result in the full allocation of such net proceeds. Transmission Purchasers with GTSA terms expiring on the latest date at the time of the GTSA Expiration Date are referred to herein as the Final Transmission Purchasers. The terms "Final Transmission Purchasers" shall mean those Transmission Purchasers, including those Transmission Purchasers which are not members of TRANSCO, which have entered into GTSAs having a period of effectiveness extending up to the GTSA Expiration Date.

6.4.2. Any such sale, transfer, or other disposition as set forth in sub sections (a), (b) or (c) of Sub-section 6.4.1 above (referred to here as a “Post-GTSA Disposition”) shall provide that any purchasing or transferee entity in any such Post-GTSA Disposition shall assume all of the obligations of the Purchase and Sale Documents, if and as applicable to the interests subject to such Post-GTSA Disposition, and that such entity has the authority and the resources reasonably necessary to fulfill such obligations.

SECTION 7: COVENANTS OF THE CONTRACT PARTY TRANSMISSION PURCHASER.

7.1. The Contract Party Transmission Purchaser agrees to maintain rates for electric services furnished to its municipal electric utility customers which, together with other available funds, will provide to the Contract Party Transmission Purchaser revenues sufficient to meet its obligations to CMEEC under this Contract, as the same may be amended from time to time, including, without limitation, any adjustment in rates, charges or any formula for payment pursuant to Section 2 of this Contract, and to pay all other obligations payable from, or constituting a charge or lien on, such revenues, including without limitation, all of Contract Party Transmission Purchaser’s costs of operation and maintenance of its municipal electric utility (including, without limitation, replacements, insurance, administrative and general overhead expense).

7.2. The Contract Party Transmission Purchaser agrees that it shall at all times operate or cause to be operated its municipal electric utility properly in an efficient and economical manner, consistent with good business and Prudent Utility Practice, and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of its municipal electric utility may be properly and advantageously conducted in accordance with Prudent Utility Practice.

7.3. The Contract Party Transmission Purchaser agrees that it shall not sell, or otherwise dispose of all or substantially all of its municipal electric utility system and/or electric facilities except following ninety (90) days prior written notice to CMEEC and, in any event, shall not so sell or otherwise dispose of the same unless the following conditions are met: (i) the Contract Party Transmission Purchaser shall assign this Contract and all of its rights, title and interest hereunder to such purchaser of said municipal electric utility system and/or electric facilities, if applicable, and such purchaser shall assume all obligations of the Contract Party Transmission Purchaser under this Contract; (ii) such purchaser is a political subdivision or a municipal corporation or otherwise a Qualified Entity as defined in Sub-section 4.3, or CMEEC may consider or undertake remedial action in the manner set forth in Sub-section 4.3 at the request and sole cost of the Contract Party Transmission Purchaser or the Purchaser of its Entitlement Allocation provided that CMEEC’s and/or TRANSCO’s tax exemption or the tax exempt status of the Transmission Bonds is not adversely affected after the taking of such actions; (iii) an independent engineer or engineering firm of national reputation generally recognized to be well qualified in matters relating to electric power and energy systems, selected by CMEEC and paid

by the Contract Party Transmission Purchaser, shall deliver an opinion, which may be based on assumptions deemed reasonable by such engineer or engineering firm, that such purchaser is reasonably able to charge and collect rates and charges in the then current and each future Year for the electric services of its electric utility system or with respect to its electric facilities as shall be required to meet its obligations under this Contract and to pay any and all other amounts payable from or constituting a charge and lien upon such revenues; and CMEEC shall, by appropriate action, determine (which determination shall not be unreasonably withheld) that such sale or other disposition will not adversely affect the value of this Contract as security for the payment of the Indebtedness of CMEEC issued or incurred in connection with its obligations under the Contract.

7.4. The Contract Party Transmission Purchaser shall provide and maintain the sites, equipment, and facilities which it is required to provide and maintain to receive Transmission Services pursuant to this Contract.

7.5. The Contract Party Transmission Purchaser shall not issue bonds, notes, or other evidences of Indebtedness payable from and secured by a lien on the revenues derived from the ownership or operation of its electric system without providing for the payment of operating expenses (including payments to be made under this Contract) from such revenues ahead of debt service on such bonds, notes or other evidences of indebtedness.

7.6. The Contract Party Transmission Purchaser shall not execute or adopt any instrument securing bonds, notes or other Indebtedness payable from and secured by a lien on the net revenues derived from the ownership or operation of its electric system unless such instrument provides that any payments to be made under this Contract shall be payable as operating expenses of such electric system. This sub-section 7.6 shall not apply to any instrument securing bonds, notes or other evidences of indebtedness outstanding on the date of this Contract.

7.7. The Contract Party Transmission Purchaser shall not act or fail to act in any manner which would impair or result in an impairment or adverse effect on the tax exempt bond status of any Indebtedness issued by CMEEC or TRANSCO.

7.8. The Contract Party Transmission Purchaser, who is provided Transmission Services by CMEEC under this GTSA, shall participate in Convex and ISO-NE through CMEEC as a single integrated participant under the controlling agreements providing for participation with such entities and further covenants to comply with the obligations and requirements of the TOA and any criteria, rules and standards and/or operating procedures in effect by CONVEX or the ISO-NE through CMEEC. The Contract Party Transmission Purchaser shall have the responsibility to install or to cause the installation of equipment necessary to comply with rules and standards of CONVEX or the ISO-NE. CMEEC shall pass through any fee or penalty, assessed on the economic impact of any action taken by CONVEX or ISO-NE, to the Contract Party Transmission Purchaser if the Contract Party Transmission Purchaser fails to comply with the requirements of the previous sentence. CMEEC may transfer to TRANSCO its responsibilities with respect to CONVEX, ISO-NE and under the TOA as provided for under this Sub-section but shall remain obligated to the Contract Party Transmission Purchaser to cause TRANSCO to perform such responsibilities.

SECTION 8: CONDITIONS OF DELIVERY OF POWER AND ENERGY; MEASUREMENT OF POWER AND ENERGY.

Unless otherwise agreed to by CMEEC and the Contract Party Transmission Purchaser:

(a) The points of delivery, delivery voltage, and other conditions of service governing CMEEC's delivery and measurement of the monthly load used for purposes of determining the Network Load shall be in accordance with the Service Specifications and the Assignment, Transfer and /or Assumption Agreement set forth in Exhibit II of this Contract, attached hereto and made a part hereof, as amended by the Parties hereto from time to time. The Contract Party Transmission Purchaser may change such delivery points, delivery voltage, and conditions of service, so long as otherwise in compliance with the requirements of this Contract, from time to time by the provision of thirty (30) days advance notice, describing any such change in reasonable detail, to CMEEC subject to CMEEC's consent, not to be unreasonably withheld.

(b) The Contract Party Transmission Purchaser shall have the responsibility to make and pay for all connections between its system and the system owned by, or available to, CMEEC (or TRANSCO, as applicable) at the points of delivery specified in the Wholesale Distribution Agreement, if applicable to the Transmission Service provided to the Contract Party Transmission Purchaser.

(c) Telecommunications devices and remote metering equipment shall be sufficient to provide hourly load information to CMEEC and shall be furnished, installed, and maintained by Contract Party Transmission Purchaser or any other entity mutually agreed upon at each point of delivery to the Contract Party Transmission Purchaser and access to such equipment and devices shall be provided to CMEEC or its agent as reasonably required.

(d) Loss adjustments for Transmission Services shall be as determined by ISO-NE for transmission over the Pool Transmission Facilities and shall be determined by CMEEC for transmission at voltages below the Pool Transmission Facilities level and transformer losses to the low voltage side shall be as specified in the terms and conditions in the Wholesale Distribution Agreement.

SECTION 9. METER READINGS AND PAYMENT OF BILLS.

9.1. The Contract Party Transmission Purchaser shall provide metering and telemetering equipment and access to such equipment to CMEEC so that CMEEC is able to remotely read meters and invoice, through the transmittal of a Billing Statement, the Contract Party Transmission Purchaser for Transmission Services provided hereunder at approximately monthly intervals, or lesser intervals if required by ISO Tariff for settlement of charges related to the provision of Transmission Services and as and to the extent required for the provision of such Transmission Services and any services related to the transmission of Electric Products under the Wholesale Distribution Agreement, if applicable to the Transmission Services provided to the Contract Party Transmission Purchaser. Such Billing Statements shall be due and payable to CMEEC within fifteen (15) days from date of issuance and shall become delinquent thereafter.

The period following which a Billing Statement becomes due may be increased up to thirty (30) days from the date of issuance of the Billing Statement before becoming delinquent provided the Contract Party Transmission Purchaser makes arrangements with CMEEC, reasonably acceptable to CMEEC and consistent with CMEEC's policies applicable to all similarly situated Transmission Purchasers, with respect to the working capital requirements associated with such increased period. Any amount outstanding thereafter shall accrue and include interest from the date rendered, until paid, at an annual rate of two (2) percentage points over the prime rate for commercial loans to large corporate customers then in effect at the main office of the Wells Fargo Bank National Association, or such other lending institution as may be CMEEC's primary commercial lender.

9.2. Billing Statements shall be rendered by CMEEC as soon as practicable after the end of each calendar month. Billing Statements will include such information as may be reasonably necessary to determine the payments due for such month. Pending the availability of actual data, billings may be based upon estimates developed by CMEEC, subject to true-up when actual cost data become available. Each Billing Statement rendered under this Contract shall be subject to adjustment for any errors in arithmetic, computation, estimating, or otherwise. CMEEC shall make any such billing adjustments as promptly as practicable.

9.3. In the event the Contract Party Transmission Purchaser disputes all or any part of a Billing Statement, the Contract Party Transmission Purchaser shall nevertheless pay the full amount of the Billing Statement when due and, within six (6) months from the date of the Billing Statement, shall notify CMEEC in writing the grounds on which any charges in the Billing Statement are disputed and the amount in dispute. Disputes shall be resolved in accordance with Section 17 and interest on any unpaid portion of any Billing Statement shall be charged or credited to Contract Party Transmission Purchaser in accordance with Section 9.1. The Contract Party Transmission Purchaser will not be entitled to any adjustment on account of any disputed charges, which are not brought to the attention of CMEEC, within the time and in the manner herein specified.

SECTION 10. METER TESTING AND BILLING ADJUSTMENT.

10.1. The Contract Party Transmission Purchaser shall test and calibrate, or cause to be tested and calibrated, meters by comparison with accurate standards at intervals of no less than twelve (12) months to ensure as best as possible the accuracy of such meter. The Contract Party Transmission Purchaser shall also make special meter tests at any time upon, and within thirty (30) days of, CMEEC's request. The cost of all tests shall be borne by the Contract Party Transmission Purchaser; provided, however, that if any special meter test conducted upon CMEEC's request shall disclose that the meters are recording accurately, CMEEC shall reimburse the Contract Party Transmission Purchaser for the cost of such test. Meters registering within one-half of one percent (0.5%), above or below, the calibrated standard shall be deemed to be accurate.

10.2. The readings of any meter, which are disclosed by test to be inaccurate, shall be corrected from the period that such inaccuracy reasonably existed, as determined by CMEEC with consultation of the Contract Party Transmission Purchaser. If a meter fails to register the electric power and energy delivered during such period of failure shall, for billing purposes, be estimated

by CMEEC from the best information available with consultation of the Contract Party Transmission Purchaser.

10.3. The Contract Party Transmission Purchaser shall notify CMEEC in advance of any meter or test so that CMEEC's representatives may be present at such meter test.

10.4. CMEEC, at its sole cost, shall have the responsibility to have or cause to have the installation or modification of, or to make changes or additions to, metering equipment, including billing quality metering devices and telecommunications equipment which may be reasonably required to facilitate billing under the ISO Tariff or any Schedule 21 Tariffs of other Transmission Owners in addition to such metering as may be required pursuant to Section 9.1.

10.5. The foregoing applies only to such meters and equipment under the direct control and ownership of the Contract Party Transmission Purchaser or CMEEC. Should the metering equipment be furnished, installed and monitored by an entity other than the Contract Party Transmission Purchaser or CMEEC as provided for in the Wholesale Distribution Agreement, then such meter testing shall be in accordance with the provisions prescribed by such other entity.

SECTION 11. TERM OF CONTRACT; UNIFORMITY OF PROVISIONS.

11.1. This Contract shall become effective on the first day of the calendar month after execution by both the Parties hereto and after all the other GTSA's shall be executed by CMEEC and such other Transmission Purchasers that are Transmission Project Participants in the Initial Transmission Project and such action shall have received all required approvals of the respective Transmission Purchasers as required under the Act, including the passage of time if required under the Act, to become initially legally binding on such Transmission Purchasers (the "Initial Effective Date"). CMEEC shall undertake to transmit notice of such Initial Effective Date promptly upon its occurrence to all of the Transmission Purchasers.

11.2. Except as specifically provided for in Section 13, this Contract shall remain in effect from the Initial Effective Date until April 1, 2052 (the "Initial Termination Date") at which time it shall terminate unless automatically extended as expressly set forth in this section, but in no event shall any extension of the term extend beyond June 30, 2061. The contract shall automatically be extended beyond the Initial Termination Date if on or before the Initial Termination Date Fixed Cost obligations accrue or Indebtedness is issued by either CMEEC and TRANSCO to meet obligations incurred under and pursuant to the Purchase and Sale Documents (such Fixed Cost Obligations and Indebtedness for purposes of this section, hereafter are referred to as the "CL&P Pre-Initial Termination Obligations"), in which event the term of the Agreement shall be extended until the CL&P Pre-Initial Termination Obligations are paid in full. CMEEC and TRANSCO shall not incur or issue any Indebtedness under the Transmission Bond Resolutions (i) with respect to the Purchase and Sale Documents, including the CL&P Pre-Initial Termination Obligations, with a maturity date later than June 30, 2061; and (ii) for any other purpose with a maturity date later than April 1, 2052. 11.3 Any extensions of this Contract shall be approved by the Board and the appropriate governing bodies of the Contract Party Transmission Purchaser pursuant to the Act; provided however, that no extension of this Contract shall have materially different terms and conditions from any other extended GTSA. No

extension of the term of the Contract, other than as expressly provided in Sub-section 11.2 and in this Sub-section, shall be agreed without renewal of all the GTSAs, then in effect, at the time of the normal expiration of the term of the GTSAs, as provided in Sub-section

11.2. Notwithstanding the foregoing, in the event one or more of the Transmission Project Participants in a Transmission Project refuse(s) to extend the term of the GTSA beyond its expiry date as provided in Sub-sec. 11.2 (such Transmission Purchasers are referred to herein as the “GTSA Non-extendors”), and the remaining Transmission Project Participants (including one or more than one) do desire to extend the term of the GTSA (the “GTSA Extenders”), the GTSA Extenders shall have the right to purchase the Entitlement Allocation(s) of the GTSA Non-extender(s) for the purchase price of agreeing to become obligated to pay the Fixed Costs Obligation associated with the Entitlement Allocation held by the GTSA Non-extendors in each Transmission Project(s) which accrue following the expiry of the term of the GTSA, pursuant to Sub-sec. 11.2 above, as well as assuming responsibility for any Contingent Residual Liability, as defined in Sub-sec. 27.3 arising from such Entitlement Allocation. Completion and closing on such purchase shall be a condition to any renewal of the term of the GTSA by the GTSA Extenders. All provisions of this Contract shall apply in the event of such purchase as if it were a transfer effected pursuant to Section 4.

11.4. Other than the provisions relative to the commencement of the period of effectiveness of the GTSA which may vary as provided herein for individual Transmission Purchasers, the terms and conditions of the GTSAs shall be substantially equivalent with respect to all Transmission Purchasers. Notwithstanding the foregoing, the obligations of each Transmission Purchaser under its respective GTSA may vary based on the allocation to such Transmission Purchaser of Fixed Costs based on such Transmission Purchaser’s Entitlement Allocation in each Transmission Project and of Usage Related Transmission Costs based on the Allocation Method as determined herein.

11.5. The Contract Party Transmission Purchaser shall remain responsible for payment to CMEEC for all Billing Statements rendered by CMEEC prior to the Initial Effective Date with respect to the provision of Transmission Services or for the recovery by CMEEC of what would be characterized as Fixed Cost or Usage Related Transmission Costs properly allocated to the Contract Party Transmission Purchaser which accrue on or before the Initial Effective Date. Following the Initial Effective Date, payment of any such Billing Statements and responsibility for such costs, if so accrued, and the Parties’ respective remedies related thereto shall be subject to and as provided for under this Contract.

SECTION 12. ASSIGNMENT.

All covenants and agreements contained in this Contract shall inure to the benefit of CMEEC and the Contract Party Transmission Purchaser and their respective successors and assigns; provided, however, that neither party may transfer or assign its interest or rights under this Contract except for the Contract Party Transmission Purchaser pursuant to Section 4 and Section 7.3 of this Contract; provided, however, the Contract Party Transmission Purchaser acknowledges and agrees that CMEEC may assign and pledge to any trustee, other fiduciary or counterparty under any Transmission Bond Resolutions or Financial Contracts, all or any interest

in, its right, title and interest in and to the payments to be made to CMEEC pursuant to this Contract as security for the obligations under any Transmission Bond Resolutions or Financial Contracts.

SECTION 13. WITHDRAWAL.

13.1. Withdrawal/Termination by Contract Party Transmission Purchaser who is not a Transmission Project Participant and Who Seeks Cessation of the Provision of Transmission Service. If the Contract Party Transmission Purchaser is not a Transmission Project Participant, and desires to terminate the purchase from CMEEC of Transmission Services under this Contract, the Contract Party Transmission Purchaser shall notify CMEEC of such termination in writing (the "Services Termination Notice") no less than twenty-four (24) months prior to January 1 of the first Year during which the provision of Transmission Services to the Contract Party Transmission Purchaser are to be terminated under this Contract (the "Termination Year"), with such termination becoming effective on January 1 of the Termination Year. In the event of such early termination of the provision of Transmission Services hereunder, Contract Party Transmission Purchaser, as provided for in Section 2, shall continue to be billed and shall pay, or receive credits as appropriate, for any past billing settlement adjustment received by TRANSCO for a period of twelve (12) months after the beginning of the Termination Year associated with the Transmission Purchasers loads as reported to ISO-NE or reconstituted loads used by ISO-NE for billing purposes. As of commencement of the Termination Year, the Parties agree that TRANSCO shall have no continuing obligation for, assume no responsibility for, and assume no costs under any agreement associated with Transmission Services, ISO-NE, CONVEX, NERC, or any other federal, local, or state entity with respect to which TRANSCO represents the Contract Party Transmission Purchaser or provides information pertaining to the Contract Party Transmission Purchaser.

13.2. Withdrawal by Contract Party Transmission Purchaser Terminating Transmission Services But Continuing to Perform with Respect to Transmission Project Participation, if Applicable. If the Contract Party Transmission Purchaser is a Transmission Project Participant and desires to terminate the purchase from CMEEC of Transmission Services under this Contract, the Contract Party Transmission Purchaser shall notify CMEEC of such termination in writing (the "Services Termination Notice") no less than twenty-four (24) months prior to January 1 of the first year during which the provision of Transmission Services to the Contract Party Transmission Purchaser are to be terminated under this Contract (the "Termination Year"), with such termination becoming effective on January 1 of the Termination Year. Commencing with the beginning of the Termination Year, CMEEC shall thereafter apply a load of zero for purposes of computing Usage Related Transmission Costs applicable to the Contract Party Transmission Purchaser. In the event of such early termination of the provision of Transmission Services hereunder, the Contract Party Transmission Purchaser, as provided for in Section 2, if also a Transmission Project Participant, shall continue to be obligated to pay for its Entitlement Allocation of Fixed Costs under this Contract except and to the extent modified pursuant to the provisions of Section 4 hereof. In the event of early withdrawal as provided in this Sub-section 13.2 and that there is no Contract Party Transmission Purchaser Event of Default outstanding, the Transmission Purchaser shall receive on the same schedule the net economic benefits due to

the Contract Party Transmission Purchaser from its participation in each Transmission Project and or from any Funds held by CMEEC or TRANSCO for the direct benefit of the Transmission Purchaser as if it continued the purchase of all Transmission Services under this Contract, provided CMEEC receives an opinion of legal counsel of national reputation with expertise in the affected subject matter, selected by CMEEC, or otherwise by mutual agreement, that the Federal Tax Exemption will not be adversely affected by providing such net economic benefits to the Contract Party Transmission Purchaser. In the event of termination of Transmission Services as provided for herein with respect to the Contract Party Transmission Purchaser, CMEEC shall use its best efforts to cause any assignment or otherwise provide that any surviving transmission agreements under Sub-section 1.38, 1.43, or 1.49 continue with respect to the Transmission Services required by the Contract Party Transmission Purchaser in order to allow the Contract Party Transmission Purchaser to utilize directly such surviving transmission agreements as needed for the continuation of transmission services for the benefit of the Contract Party Transmission Purchaser.

13.3. Withdrawing Contract Party Transmission Purchaser/Transmission Project Participant Request to Transfer Entitlement Allocation in Transmission Project Pursuant to Section 4. In the event the Contract Party Transmission Purchaser which is also a Transmission Project Participant desires to cease purchasing Transmission Services under this Contract as provided in Sub-section 13.2 and is not then in default pursuant to Section 18 hereof, the Contract Party Transmission Purchaser may also request the transfer of its Entitlement Allocation of any of the Transmission Projects in accordance with the provisions of Section 4. The Contract Party Transmission Purchaser shall remain responsible for the Fixed Cost obligations associated with any remaining Transmission Project Entitlement Allocation not transferred and otherwise due from it as provided in Section 4 of this Contract; but shall be released from any such obligations associated with its transfer of its interest in Entitlement Allocations effected pursuant to Section 4 as provided in such Section.

13.4. Post-Withdrawal Obligations of Withdrawing Contract Party Transmission Purchaser/Transmission Project Participant. In the event the Contract Party Transmission Purchaser complies with the provisions of Sections 4 and 13 and subsequent to the date of transfer of the withdrawing Contract Party Transmission Purchaser's Entitlement Allocation pursuant to Section 4, if applicable, any renewals, replacements, repairs, additions, improvements, betterments, and modifications, or removal which are determined by CL&P and ISO-NE and approved by the appropriate regulatory processes, as necessary to keep the Initial Transmission Project under the terms of the Purchase and Sale Documents, and, to the extent applicable, any Additional Transmission Project, if the Contract Party Transmission Purchaser is a Transmission Project Participant in the Initial Transmission Project or any such Additional Transmission Project, in good operating condition, the Contract Party Transmission Purchaser shall be obligated to pay for all costs associated with any such renewals, replacements, repairs, additions, improvements, betterments, and modifications, or removal in accordance with the provisions of Sections 2, 4 and 13 in proportion to its Entitlement Allocation as provided under this GTSA, as modified by any transfers of its interests in Entitlement Allocation effected under Section 4 as provided in said Section. The withdrawing Contract Party Transmission Purchaser shall remain responsible for Contingent Residual Liability, if any, as defined in Sub-section 27.3, arising from its participation in one or more Transmission Projects, as provided under said Sub-

section. These obligations shall apply whether or not the Contract Party Transmission Purchaser is a member of TRANSCO.

SECTION 14. AUTHORIZING RESOLUTION AND OPINION AS TO VALIDITY.

Upon the execution and delivery of this Contract, each Party shall furnish each other with a duly certified copy of the resolution of the Board with respect to CMEEC, and the governing body of the Contract Party Transmission Purchaser's municipal electric utility with respect to the Contract Party Transmission Purchaser, authorizing the execution and delivery of this Contract, and with respect to the Contract Party Transmission Purchaser, an opinion by an attorney or firm of attorneys qualified to practice in the State of Connecticut, and with respect to CMEEC, an opinion of nationally recognized bond counsel, in each case in form and substance satisfactory to the respective Parties to the effect that the respective Party has full legal right and power to authorize the execution and delivery of this Contract and that this Contract has been duly authorized, executed and delivered by the respective Party.

SECTION 15. RECORDS AND ACCOUNTS.

CMEEC shall keep accurate records and accounts of its properties and its operations in accordance with or so as to permit conversion to the FERC Accounts and shall cause TRANSCO to keep such records and accounts of TRANSCO's properties and operations. The Contract Party Transmission Purchaser shall have the right at any reasonable time to examine such accounts. CMEEC shall cause such accounts to be audited annually by a firm of independent public accountants of national reputation and shall supply copies to the TRANSCO Members.

SECTION 16. INFORMATION.

CMEEC and Contract Party Transmission Purchaser will promptly furnish to each other such information and reports as may be reasonably requested from time to time in order to carry out more effectively the intent and purpose of this Contract. Without limiting the generality of the foregoing, the Contract Party Transmission Purchaser and CMEEC agree to jointly develop at least once per Year, a written forecast of Transmission Service required for the sale at retail by Contract Party Transmission Purchaser's municipal electric utility for such periods in the future as may be determined by the Board and will promptly inform CMEEC in writing of any changes in such forecasts and any other events which would have a material effect on CMEEC's obligation to furnish Transmission Service pursuant to this Contract. In addition, each the Contract Party Transmission Purchaser and CMEEC further agrees to furnish at its own expense such information and documents, including financial statements, legal opinions, and engineering reports, as CMEEC or the Contract Party Transmission Purchaser may reasonably request in connection with the offering and sale of bonds, notes or other Indebtedness by CMEEC or the Contract Party Transmission Purchaser or as may be required by the federal securities laws.

SECTION 17. DISPUTE RESOLUTION AND ARBITRATION.

17.1. General Provision. The Parties shall attempt in good faith to promptly resolve any dispute arising out of, or relating to, this Contract.

17.2. Negotiation/Mediation/Arbitration. Notwithstanding the provisions of Sections 18, 19 and 20 hereof with respect to the Parties' respective rights and remedies upon the occurrence of Events of Default, the Parties agree that any disputes of a billing nature under Sections 2, 3, 9, 10, 13.4 and 22 shall first utilize the process set forth in this Sub-section 17.2.1 and 17.2.2. for resolution of any disputes of a billing nature. Any arbitration proceeding utilized to resolve any dispute under this Contract shall follow the process set forth in this sub-section.

17.2.1 Negotiation Between Executives. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Such notice (the "Dispute Notice" shall include: (a) a statement of that Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive who will be representing that Party and of any other person who will accompany the executive. Within fifteen (15) days after delivery of the Dispute Notice, the receiving Party shall respond with: (i) a statement of that Party's position and a summary of arguments supporting that position; and (ii) the name and title of the executive who will represent that Party and of any other Person who will accompany the executive. Within thirty (30) days after delivery of the Dispute Notice, the designated executives of both Parties shall meet at a mutually acceptable time and place, and thereafter, as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored. All negotiations pursuant to this Sub-section 17.2.1 shall be confidential and shall be treated as compromise and settlement negotiations for purposes of law and rules of evidence.

17.2.2. Mediation. (i) If the dispute has not been resolved by negotiation within forty-five (45) days after the date of the Dispute Notice, or (ii) if the Parties have failed to meet within thirty (30) days of the date of the Dispute Notice, each as contemplated in Sub-section 17.2.1 above , the Parties shall attempt to settle the dispute by mediation under the then current Conflict Prevention and Resolution ("CPR") Mediation Procedure; provided further that if one Party refuses or fails to participate in negotiation pursuant to Sub-section 17.2.1, (iii) the other Party may then immediately upon the transmittal of an additional written notice to the other Party initiate mediation prior to the expiration of the forty-five (45) day negotiation period (with the applicable date initiating the mediation process as provided in (i), (ii) or (iii) of this sub-section referred to as the Mediation Commencement Date). Unless otherwise agreed, the Parties will select a mediator from the CPR Panels of Distinguished Neutrals. Any mediation process initiated under this section shall result in a resolution and settlement by the Parties of the dispute on or before ninety (90) days following the Mediation Commencement Date, failing which, either Party shall thereafter be authorized to initiate arbitration and/or litigation as elsewhere provided in this section 17.

17.2.3. Arbitration. Except as otherwise provided in Sub-sections 17.2.1 and 17.2.2, any controversy or claim arising out of, or relating to, this Contract or the breach thereof, may be submitted to arbitration at the time, in the manner and upon the terms agreed upon by the Parties.

To the extent the Parties agree, the decision of the arbitrator shall be final and binding upon the Parties.

Disputes of a billing nature arising out of or relating to this Contract, and in particular any dispute under Sections 2, 3, 9, 10, 13.4 and 22, that have not been resolved by the procedure set forth in Sub-section 17.2.2 and/or Sub-section 17.2.3 within ninety (90) days after the date of the Dispute Notice, shall, if agreed to by the Parties, be resolved by final and binding arbitration in accordance with the then current CPR Rules for Non-Administered Arbitration by a sole arbitrator, for any dispute involving amounts in the aggregate under Five Hundred Thousand Dollars (\$500,000.00); provided, however, that if either Party will not participate in the mediation proceeding as specified in Sub-section 17.2.2, the other Party may thereafter immediately initiate arbitration before expiration of the above-mentioned ninety (90) day period. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, inclusive, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration shall be Hartford, Connecticut.

17.2.4. Powers of Arbitrator. With respect to any arbitration initiated under this Section 17, each Party expressly waives and foregoes any right to have the arbitrator award indirect, incidental, consequential, special, exemplary, punitive, or similar damages, except to the extent applicable law requires that compensatory damages be increased in a specified manner. All costs of the arbitration shall be paid equally by the Parties, unless the award shall specify a different division of the costs. Each Party shall be responsible for its own expenses, including attorneys' fees. Both Parties shall be afforded adequate opportunity to present information in support of its position on the dispute being arbitrated. The arbitrator(s) also may request additional information from the Parties.

17.2.5. Deferral. The Parties may agree to defer any arbitration proceeding, without prejudice to any Party, pending the resolution of a particular dispute.

17.2.6. Continued Performance. The Parties shall continue performance of the Transmission Services in conformance with the requirements of this Contract notwithstanding the existence of any dispute or controversy between the Parties; *provided further* that the Contract Party Transmission Purchaser shall continue to make disputed and undisputed payments to CMEEC in accordance with the terms hereof. If the award by a court of law or equity or by an arbitrator requires CMEEC to refund any disputed payment made by the Contract Party Transmission Purchaser, then CMEEC shall pay interest on such refunded amount in accordance with Sub-section 9.1 herein for the period commencing on the date of the Contract Party Transmission Purchaser's payment of such disputed amount until the date of the refund payment by CMEEC. If any dispute or controversy between the Parties is resolved by mutual agreement, and requires CMEEC to refund any disputed payment made by the Contract Party Transmission Purchaser, then CMEEC shall pay interest on such refunded amount in accordance with Sub-section 9.1 herein for the period commencing on the date of the Contract Party Transmission Purchaser's payment of such disputed amount until the date of the refund payment by CMEEC.

17.2.7. Court Proceedings. The Parties shall pursue direct negotiation and mediation as provided in Sub-sections 17.2.1 and 17.2.2 or arbitration due to a failure to participate in

mediation as provided in Sub-section 17.2.3. above as a pre-requisite to initiating, as alternatives, an arbitration proceeding or litigation before a court or regulatory agency having jurisdiction. Except as otherwise provided herein, arbitration shall not be considered the sole or exclusive means of settling controversies which may arise under the terms and provisions of this Contract, nor shall arbitration be considered a condition precedent to any action in court of law or equity or proceedings before any governmental agency or regulatory body having jurisdiction thereof.

SECTION 18. CONTRACT PARTY TRANSMISSION PURCHASER EVENT OF DEFAULT; REMEDIES OF CMEEC.

18.1. Upon failure of the Contract Party Transmission Purchaser to make any payment in full when due under this Contract or to perform any obligation herein, CMEEC shall make demand upon by the provision of written notice transmitted to the Contract Party Transmission Purchaser, and if said failure is not cured within twenty (20) days, or such other time period as the Parties may mutually agree, from the date of notice of such demand, it shall constitute a default by the Contract Party Transmission Purchaser at the expiration of such period (referred to herein as a "Contract Party Transmission Purchaser Event of Default"). Notice of such demand shall be provided to the other Transmission Purchasers by CMEEC.

18.2. If the Contract Party Transmission Purchaser in good faith disputes the legal validity of said demand, it shall make such payment or perform such obligation within said twenty (20) day period under formally written protest directed to CMEEC. Such protest shall specify the reasons upon which the protest is based.

18.3. Upon the occurrence of a Contract Party Transmission Purchaser Event of Default, in addition to the other remedies available to CMEEC pursuant to Section 17 of this Contract or this Section 18 and, in addition to any other rights or remedies CMEEC may have under law, CMEEC shall have the rights and remedies set forth in this Section.

18.4. CMEEC may bring any suit, action or proceeding in law or in equity, including mandamus and action for specific performance, as may be necessary and appropriate to enforce against the Contract Party Transmission Purchaser any covenant, agreement or obligation, including the obligation to make any payment, required under the provisions of this Contract.

18.5. CMEEC, and any non-defaulting Transmission Purchaser acting to enforce the Contract pursuant to Section 19 hereof, shall have the right to recover its reasonable attorneys' fees and associated costs incurred in connection with any successful enforcement of the GTSA resulting from any such suit action or proceeding maintained by CMEEC and/or the Transmission Purchaser against the Contract Party Transmission Purchaser.

18.6. If such Contract Party Transmission Purchaser Event of Default shall continue for sixty (60) days after the final date to cure following written notice to the Contract Party Transmission Purchaser from CMEEC specifying such failure, CMEEC may at any time thereafter, ten (10) days following additional written notice to the Contract Party Transmission Purchaser, cease and discontinue the provision of Transmission Services to the Contract Party Transmission Purchaser so long as such failure shall continue and CMEEC shall otherwise be responsible for the accrual

of Usage Related Transmission Costs arising from the provision of Transmission Services to the Contract Party Transmission Purchaser; provided, however, that any such cessation and discontinuance shall not relieve the Contract Party Transmission Purchaser of any obligation under this Contract, including the obligation to pay amounts payable as the Contract Party Transmission Purchaser's Fixed Cost obligations, plus all other costs of collection including interest on unpaid amounts and attorneys' fees less any amounts received by CMEEC in accordance with Section 4.

18.7. In the event that a Transmission Purchaser, which is also a Transmission Project Participant, causes a Contract Party Transmission Purchaser Event of Default under its respective GTSA which results in a deficiency in the aggregate payments of Fixed Cost obligations owed with respect to a Transmission Project, CMEEC shall first charge the resulting deficiency to the other Transmission Project Participants in the affected Transmission Project in proportion to the their Entitlement Allocations in such Project, such that each of the non-defaulting Transmission Purchasers participating in the Transmission Project shall be responsible for payment, in addition to the charges otherwise due from such Transmission Purchasers, in accordance with following formula:

$$D = [TPP \text{ EA}\% \div \text{Sum (all non-defaulting TPP EA}\%)] \times ADP$$

Where "D" equals the deficiency make-up payment due from the non-defaulting Transmission Purchaser (referred to as Transmission Purchaser "A"); "TPP EA%" is the Entitlement Allocation of Transmission Purchaser A in the affected Transmission Project; and "All non-defaulting TPP EA%" is the sum of the Entitlement Allocations of the non-defaulting Transmission Project Participants participating in the Transmission Project in which the defaulting Transmission Project Participant is a participant; and "ADP" is the aggregate amount of the deficiency in payment due to the default by a Transmission Project Participant. Notwithstanding anything in the GTSA to the contrary, in the event of a partial payment of any invoice from CMEEC by a Transmission Purchaser under its respective GTSA, PSA or any replacement thereof, with an amount remaining past due and unpaid, CMEEC shall apply any payments due from and paid by such Transmission Purchaser to satisfy the defaulting Transmission Purchaser's obligations in an order determined by CMEEC in the exercise of its reasonable discretion. Any amounts paid by the non-defaulting Transmission Purchasers pursuant to this Sub-section on account of any deficiency in payment of Fixed Cost obligations due from a defaulting Transmission Purchaser shall not relieve such defaulting Transmission Purchaser of its obligation for payment of such Fixed Cost obligations.

18.8. Any economic benefits accruing with respect to the Contract Party Transmission Purchaser's Entitlement Allocation shall not be applied for the account of the Contract Party Transmission Purchaser during any periods the Contract Party Transmission Purchaser fails to make payments in full when due under this Contract and such failure to make payment is not cured. If the Contract Party Transmission Purchaser Event of Default entails a failure to make any payment in full when due and shall continue for a period of more than ninety (90) days after the final date to cure following written notice to the Contract Party Transmission Purchaser from CMEEC specifying such failure, CMEEC may thereafter, thirty (30) days following the provision of additional notice to the Contract Party Transmission Purchaser, finally apply the economic benefits accruing from the Entitlement Allocation of the Contract Party Transmission

Purchaser in default for the periods following the first date on which the failure to make payment in full occurred resulting in a Contract Party Transmission Purchaser Event of Default and shall thereafter continue for the accounts of the remaining Transmission Purchasers in proportion to each such Transmission Purchaser's contribution, as determined pursuant to Sub-section 18.7, to the payment to satisfy a deficiency in payment in Fixed Cost obligations resulting from the Contract Party Transmission Purchaser Event of Default. Any recovery of funds due from a defaulting Transmission Purchaser by CMEEC shall be applied by CMEEC pro rata for the accounts of and payment to each of the non-defaulting Transmission Purchasers in the amount of and in proportion to their contributions to satisfy the payment deficiency, plus interest at the statutory rate if and to the extent recovered from the defaulting Transmission Purchaser and to the extent not already recovered from allocation of the defaulting Transmission Purchasers' economic benefit to the non-defaulting Transmission Purchasers.

SECTION 19. ENFORCEMENT OF CONTRACTS.

CMEEC shall enforce the provisions of the GTSAs against each of the Transmission Purchasers which has caused or incurred under its respective GTSA an event of default the same as or equivalent to a Contract Party Transmission Purchaser Event of Default under this Contract and, if applicable, against the Contract Party Transmission Purchaser in the event of a Contract Party Transmission Purchaser Event of Default (in either case, the "Defaulting Transmission Purchaser") and to pursue such remedies as CMEEC determines most effective with respect to such Defaulting Transmission Purchaser. In that regard: (a) CMEEC or (b) any of the Transmission Purchasers, if it is not a Defaulting Transmission Purchaser, (i) jointly with CMEEC, as its interest may appear, or, (ii) subject to the next paragraph, severally, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance or damages, as may be necessary or appropriate to enforce the obligations of the applicable GTSA against such Defaulting Transmission Purchaser.

A Transmission Purchaser's right to enforce this Contract as provided in the prior paragraph may only be exercised on a several basis provided CMEEC first fails (x) to seek enforcement of the applicable GTSA against the Defaulting Transmission Purchaser within thirty (30) days following notice from the Transmission Purchaser or following the expiration of such additional period pursuant to Section 18 as applicable to the remedy sought, if longer than such thirty (30) day period, and (y) thereafter diligently to pursue such enforcement.

Without limiting the generality of the foregoing, if the Contract Party Transmission Purchaser causes or incurs a Contract Party Transmission Purchaser Event of Default under this GTSA, CMEEC shall: (i) continue to bill the Contract Party Transmission Purchaser for amounts due under the GTSA, including amounts accruing after the occurrence of a Contract Party Transmission Purchaser Event of Default by the Contract Party Transmission Purchaser; (ii) institute and diligently pursue such suits, actions or proceedings, at law or in equity, including suits for specific performance or damages, as CMEEC deems appropriate to collect unpaid amounts owing under the GTSA or to remedy the Contract Party Transmission Purchaser Event of Default under the GTSA.

SECTION 20. CMEEC EVENT OF DEFAULT.

In the event of a failure by CMEEC to perform any of its obligations under this Contract (a “CMEEC Event of Default”) and such CMEEC Event of Default shall be continuing for a period of twenty (20) days following the provision of notice to CMEEC of such CMEEC Event of Default and such CMEEC Event of Default is not otherwise subject to the dispute resolution under the provisions of section 17 hereof, the Contract Party Transmission Purchaser may bring any suit, action, or proceeding in equity for mandamus, injunction, and action for specific performance as may be necessary or appropriate to enforce such obligation against CMEEC; provided, however, the same shall not give the Contract Party Transmission Purchaser the right to discontinue the performance of its obligations under this Contract

SECTION 21. ABANDONMENT OF REMEDY; NO WAIVER.

In the event any action or proceeding taken by CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) or the Contract Party Transmission Purchaser in connection with any Contract Party Transmission Purchaser Event of Default or CMEEC Event of Default shall have been discontinued or abandoned for any reason, CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) and the Contract Party Transmission Purchaser shall be restored to their former positions under this Contract, and all rights, remedies, powers and obligations of CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) and the Contract Party Transmission Purchaser shall continue as though no such action or proceeding had been taken. The failure of CMEEC (including any of the other Transmission Purchasers acting pursuant to Section 19 hereof) or the Contract Party Transmission Purchaser to insist in any one or more instances upon strict performance by the other of any one or more of the provisions of this Contract or to take advantage of any of its rights hereunder shall not be construed as a waiver or relinquishment.

SECTION 22. ANNUAL BUDGET.

CMEEC shall prepare by November 30th of each Year for the approval of the Board, an Annual Budget for the ensuing Year, which shall set forth in reasonable detail the estimated Fixed Costs and the Usage-Related Charges for the ensuing Year. Once the Board officially adopts and approves the Annual Budget, within no more than thirty (30) days from official approval by the Board, CMEEC shall distribute to all Transmission Purchasers their respective portion of the Annual Budget line items relative and specific to the Contract, and, in the event a Transmission Purchaser disputes the budgeted Fixed Costs and or Usage-Related Charges, it shall have the rights of dispute resolution as set forth in Section 17. Monthly thereafter, CMEEC shall issue a financial performance report largely in the form of an income statement to the Board and, with respect to the information specific and appropriate to the Contract Party Transmission Purchaser, to the Contract Party Transmission Purchaser.

SECTION 23. ADDITIONAL PURCHASERS.

In addition to the GTSAs, CMEEC retains the right to enter into contracts, to the extent permitted by the Act and approved by the Board, for Transmission Services with other entities.

SECTION 24. NOTICES AND COMPUTATION OF TIME.

Any notice, demand, approval, proposal, protest, direction, or request provided for in this Contract to be delivered, given or made to the Contract Party Transmission Purchaser shall be deemed delivered, given or made if delivered in writing, in person or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the person and at the address designated in writing filed with CMEEC by the Contract Party Transmission Purchaser. The Contract Party Transmission Purchaser may change such designation, at any time and from time to time, by giving notice to CMEEC as below provided. Any such notice, demand or request to be delivered, given or made to CMEEC shall be deemed delivered, given or made, if delivered in writing, in person or sent by mail as above provided to the following address:

Chief Executive Officer
Connecticut Municipal Electric Energy Cooperative
30 Stott Avenue
Norwich, Connecticut 06360-1526
Phone: (860) 889-4088
Telecopy: (860) 889-8158

[Address of Contract Party Transmission Purchaser]

Phone:
Telecopy:

or such other address designated at any time and from time to time by giving notice to the Contract Party Transmission Purchaser as provided above.

Unless specifically otherwise required by the terms of this Contract, any notice required to be given pursuant to any provision of this Contract may be given by any form of electronic transmission that is capable of producing a written record, including, without limitation, telecopy transmissions, provided that the deliverer of any such notice given by electronic transmission shall verify receipt of such notice promptly upon the transmission thereof and such notice shall not be deemed duly given unless full and legible receipt thereof has been verified by the recipient of such notice.

In computing any period of time from such notice, such period shall commence at 12:01 a.m. on the day following the date such notice was delivered or mailed.

SECTION 25. GOVERNING LAW.

This Contract is made under and shall be governed by the laws of the State of Connecticut, without regards to any conflict of law principles or other law which would result in the law of another jurisdiction being employed to interpret or enforce the provisions of this Contract.

SECTION 26. MISCELLANEOUS .

26.1. Severability. If any section, paragraph, clause or provision of this Contract is declared illegal or no longer in force by reason of any judgment or order issued by a court or regulatory body of competent jurisdiction, the remainder of this Contract shall be unaffected by such judgment or order and all of the remaining provisions of this Contract shall remain in full force and effect as though such section, paragraph, clause or provision or any part thereof so adjudicated or ordered illegal or no longer in force had not been included herein.

26.2. Construction. The captions or headings in this Contract are for convenience only and shall not in any way define, limit or describe the scope or intent of any provisions or sections of this Contract.

26.3. Amendments and Waivers. This Contract may only be amended or modified in a written document signed by both Parties. The failure of any Party to insist in any one or more instances upon performance of any terms or conditions of this Contract shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such Party with respect thereto shall continue in full force and effect.

26.4. Interpretation. Should any provision of this Contract require judicial interpretation or interpretation by an arbitrator having jurisdiction over a dispute arising hereunder, it is agreed that the court or arbitrator interpreting or construing this Contract shall not construe it against one Party more strictly by reason of the rule of construction that a document is to be construed more strictly against the Party who itself or through its agent or counsel prepared such document, it being agreed that the agents and counsel of all Parties have participated in the preparation of this Contract, and that all Parties were afforded adequate opportunity to consult legal counsel prior to execution of this Contract.

26.5. Joint Preparation. Each Party to this Contract (a) has participated in the preparation of this Contract; (b) has read and understands this Contract; and (c) has been represented by counsel of its own choice in the negotiation and preparation of this Contract. Each Party further represents that it has executed this Contract voluntarily.

26.6. Further Assurances. Each Party agrees to execute and to deliver such other and further instruments and to take such other actions as are reasonably necessary to effectuate the provisions of this Contract.

SECTION 27. ADDITIONAL LIMITATIONS TO LIABILITY OF THE PARTIES.

27.1. Subject to the provisions of Section 4 hereof, obligations, including liability, accrued by the Contract Party Transmission Purchaser as a Transmission Project Participant before the term of this Contract has expired, remain obligations of the Contract Party Transmission Purchaser in the amount or percentage allocation in accordance with this Contract until paid or satisfied, irrespective of the withdrawal or termination of this Contract by the Contract Party Transmission Purchaser or termination of its membership in TRANSCO, if applicable, or withdrawal as a Transmission Project Participant

27.2. Obligations accrued by TRANSCO after the term of this Contract has ended or on behalf of or for a Transmission Project after the term of this Contract has ended are not the obligations of the Contract Party Transmission Purchaser and there shall be no recourse to the Contract Party Transmission Purchaser, its credit, assets, property, revenue, or rate making authority, or to the municipality of which it is a part, for payment, or other relief, with respect to such obligations or any share thereof.

27.3. Notwithstanding the provisions of Sub-section 27.2, if and to the extent there is recourse imposed as a matter of law for liabilities of TRANSCO upon the members of TRANSCO following the expiration of the term of the GTSA's, if any (the "Contingent Residual Liabilities"), then in such case, the Final Transmission Purchasers, including Final Transmission Purchasers which are not members of TRANSCO or which have withdrawn from membership in TRANSCO, shall share such liability on a proportionate basis to the extent of their Entitlement Allocation in each Transmission Project. The Contingent Residual Liabilities shall be allocated among the Transmission Projects based on the share of the Contingent Residual Liabilities caused by, arising from or otherwise allocable to each Transmission Project. The provisions of this Sub-section 27.3 shall not be construed or deemed to result in an acknowledgement or waiver of the non-recourse status of TRANSCO as a separate legal entity; but rather shall define the basis for sharing of contingent liability among the Transmission Purchasers, if and to the extent such liability arises.

27.4. Other than as expressly provided in Section 19, this Contract shall not imply, create or confer rights in any person or entity who is not a signatory to this Contract, including but not limited to third party beneficiary rights, or any other person or entity who has contracted with CMEEC or TRANSCO.

27.5. For purposes of clarification of intent under this Section 27, when an obligation, including liability, "accrues" or is "accrued", it shall mean that such obligation shall be realized and/or determined and reasonably quantified in amount or shall have been identified by the occurrence of definitive actions or circumstances, within the period of time during which the accrual is deemed to have occurred.

27.6. CMEEC shall not be liable or legally responsible to the Contract Party Transmission Purchaser, under any circumstances, for monetary damages of any nature, including but not limited to such damages which are due to the loss of profits, which comprise the costs of purchase of replacement services or which may arise from liability due to direct, indirect or consequential damages (referred to collectively as "Non-injunctive Liability"). Notwithstanding the foregoing, CMEEC shall and is authorized to assert and maintain in its own name claims, as provided in this Contract, for recovery with respect to Non-injunctive Liability which may be incurred or suffered by the Contract Party Transmission Purchaser, where such Non-injunctive Liability arises from a cause of action which CMEEC and/or TRANSCO have against a third-party which relates to the performance by CMEEC or TRANSCO under this GTSA or under any contract concerning transmission services, where all or any portion of the costs of such contract, or its breach or such cause of action, result in liability or payment in whole or in part by the Contract Party Transmission Purchaser as a result of this Contract.

27.7. The Contract Party Transmission Purchaser's obligation to pay the amounts identified on invoices issued by CMEEC for charges and costs validly accruing under this Contract during its term, the provisions of Sub-section 6.4, the applicable provisions of Section 13 and this Section 27 and the provisions of this Contract with respect to the enforcement of its terms, applicable thereto, shall survive the termination or expiry of the term of the GTSA.

27.8. [Provision only applicable to Bozrah Light and Power Company ("BL&P") as a Contract Party Transmission Purchaser] All Transmission Services and other services procured pursuant to this GTSA which otherwise were provided by CMEEC to BL&P under the Power Supply Contract, dated June 28, 1995, as amended by and between CMEEC and BL&P (the "BL&P PSC"), from and following the Initial Effective Date shall be billed for, supplied and provided by CMEEC to BL&P solely under and pursuant to this GTSA and BL&P's obligations for payment and performance with respect to such Transmission Services shall be governed by this GTSA, and, in each such case, shall no longer be supplied, provided or billed for under and pursuant to the BL&P PSC. BL&P shall be responsible for payment and performance of any obligations accruing prior to the Initial Effective Date with respect to Transmission Services as provided under the BL&P PSC. BL&P and CMEEC agree to cancel and terminate a certain Transmission Service Contract dated as of June 1, 2011, which is hereby replaced in its entirety by the GTSA.

27.9. [Provision only applicable to the City of Groton, acting by and through the municipal electric utility which is a department of the City of Groton ("Groton"), as a Contract Party Transmission Purchaser] Groton and CMEEC agree to cancel and terminate a certain Transmission Service Contract dated as of June 1, 2011, which is hereby replaced in its entirety by the GTSA.

28. NO PLEDGE OF TAXING POWER; OBLIGATIONS PAYABLE FROM ELECTRIC SYSTEM REVENUES.

This Contract does not pledge and shall not be interpreted to pledge the full faith or credit nor taxing power of the [insert municipality of which the department is a part] , the State of Connecticut or any political subdivision thereof or any Transmission Purchaser to meet any obligation hereunder. and payments due and/or made with respect to obligations of the Contract Party Transmission Purchaser incurred hereunder are payable solely from the revenues of the [municipality's] electric system.

29. COUNTERPARTS.

This Contract may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE has caused this Contract to be executed by its Chairman and the Contract Party Transmission Purchaser has caused this Contract to be executed on its behalf by an authorized officer of the municipal electric utility constituting an electric department agency or other body of the Contract Party Transmission Purchaser as of the date first written above.

(SEAL)

Witness:

CONNECTICUT MUNICIPAL ELECTRIC
ENERGY COOPERATIVE

By _____

By _____
Title

(SEAL)

Witness:

THE CITY/TOWN/BOROUGH/AUTHORITY OF
(placeholder), acting by and through (placeholder)

By _____

By _____
Title:

EXHIBIT I
ENTITLEMENT ALLOCATION

2011 Initial Transmission Project

<u>Purchaser</u>	<u>Percentage</u>
Groton	49.089%
Norwich	30.440%
South Norwalk	8.199%
East Norwalk	5.919%
Jewett City	1.913%
Bozrah	<u>4.440%</u>
	100.000%

EXHIBIT II
Delivery Points and Service Specifications
(to be completed by _____)

Rate 9

February 27, 2014

Exhibit G (as referenced in the Replacement Power Supply Contract(s))
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE
MASTER RATE SCHEDULE TARIFF 9
RESALE POWER SERVICE

This Master Rate Schedule Tariff 9 (sometimes referred to herein as “Rate 9” or “Rate Schedule”) is established and made available in accordance with the General Transmission Services Agreement (“GTSA”) and the Replacement Power Supply Contract (“RPSC”) by and between the Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and the Rate 9 Participant, and in the case of the Town of Wallingford acting by and through its municipal electric utility (“MEU”), the Wallingford Electric Division (“WED”), the Memorandum of Agreement (“MOA”) by and between CMEEC and WED, until the MOA is superseded by a RPSC and GTSA, or is terminated.

Terms defined in the RPSC and GTSA shall have the meanings in this Master Rate Schedule Tariff 9 as such terms are defined and used in the RPSC and GTSA.

DEFINITIONS

Capitalized terms used in this Master Rate Schedule Tariff 9, if not otherwise defined herein, shall have the meanings as such terms are defined in the RPSC and the GTSA.

For purposes of Rate 9, the following capitalized terms shall have the following meanings:

Applicable Law shall mean the requirements of any Federal and/or State law, code, statute, rule, regulation, decree, as well as any decree, order or judgment, not otherwise subject to appeal, validly issued or promulgated, and then in effect, by any court, tribunal, arbitrator or governmental agency having competent jurisdiction.

Electric Obligations shall mean the obligations incurred by each Rate 9 Participant with responsibility for serving electric load as required under Applicable Law and/or the ISO-NE Tariff, excluding Transmission Services supplied under the GTSAs, which are required under separate agreements or by regulation or Applicable Law, including but not limited to the ISO-NE Participants Agreement, Market Participant Service Agreement and the ISO-NE Tariff, and including, but not limited to: Day Ahead and Real Time Energy Load Obligations, Capacity Load Obligations, Real Time and Forward Reserve Charge Obligations and Net Commitment Period Compensation Charge Obligations. Capitalized terms used in this definition shall have the meanings given to such terms in the ISO-NE Tariff.

April 25, 2013

Electric Products shall mean the Electric Obligations, hedges, forward purchases, transactions, and agreements, other than Transmission Services, procured or entered into, to supply, manage, and partially or fully hedge the costs incurred in meeting the Electric Obligations of the Rate 9 Participant and, when procured by CMEEC, shall include such additional support and administrative services performed by CMEEC as are necessary to procure and manage such procurement.

ISO-NE Tariff shall mean the FERC-approved and/or regulated tariffs, market rules and procedures, as amended, adopted by ISO-NE for its administration of Electric Product-related markets and supply.

Load as used in determining Participants' shares of Administration Costs (General) or Administration Costs, shall mean, for any period, and with respect to any Participant, electric energy measured in megawatt hours ("MWh") during a given period and delivered to the applicable Participant, including Special Contract load, and as reconstituted and as applicable within the RPSC.

Rate 9 Participant, or **Participant**, shall mean the Power Purchaser and Transmission Purchaser taking service under this Rate Schedule.

AVAILABILITY

This Rate Schedule is available for the supply of Electric Products as defined in the RPSC and the supply of Transmission Services as defined in the GTSA, to each of which, respectively, the Rate 9 Participant is a party, which together, form the required and uniform basis for the provision of Electric Products and Transmission Services by CMEEC to all Rate 9 Participants.

GENERAL SERVICE TERMS

The general service terms applicable to this Rate Schedule shall be as set forth in Appendix A (Exhibit H to the RPSC), and may be amended from time to time by resolution of the Board.

Section 1 - Base Charges

The Base Charges shall be computed and billed by CMEEC as the sum of the charges and credits as set forth in Sections 2, 3, 4, 5 and 6 of this Rate Schedule.

Pending the availability of actual data, billing of the Base Charges shall utilize estimates of such data developed by CMEEC, subject to true up as provided in Section 8 of this Rate Schedule. The Base Charges shall be computed and billed by the fifth (5th) business day following the month CMEEC supplied the services.

Section 2 - Transmission Services

April 25, 2013

The Rate 9 Participant shall be responsible for the payment of all transmission related costs incurred by TRANSCO and billed to CMEEC pursuant to the GTSA, which are related to the delivery of Electric Products to the Rate 9 Participant and/or the output of any Power Projects in which the Rate 9 Participant is a Participant, as provided under the GTSA, inclusive of all Transmission Services. The transmission related costs incurred by CMEEC and/or TRANSCO in providing Transmission Services to the Rate 9 Participant and for which the Rate 9 Participant shall be responsible shall be consistent with the manner in which costs are incurred by CMEEC and/or TRANSCO, as applicable, pursuant to the GTSA, if applicable, in the ISO-NE markets and pursuant to the ISO-NE Tariff.

Section 3 - Fixed Costs Obligation

The Fixed Costs obligations of the Rate 9 Participant shall be as provided in the Rate 9 Participant's RPSC and the GTSA, as supplemented by this Rate 9. As provided in the RPSC and GTSA, the annual Fixed Costs obligations shall be computed by CMEEC as the product of 1) the Annual Budget of CMEEC for Fixed Costs associated with a given Power Project or Transmission Project (referred to generically as the "Projects"), and 2) the Rate 9 Participant's Entitlement Allocation by specific Project expressed as a decimal to two significant places, plus 3) the Rate 9 Participant's Load share of the Administration Costs (General) as annually determined by the following convention:

By July of each and every year, CMEEC will calculate each Participant's Load weighted share, equal to the ratio of (x) such Participant's five (5) year rolling average Load, inclusive of Special Contracts, over (y) the aggregate total five (5) year rolling average Load of all Participants, inclusive of Special Contracts. Each Participant's Load share shall be calculated by CMEEC no later than July 1 of each year using the five (5) year rolling average Load from the previous five (5) years, and shall apply to the year following its calculation. For example, on or before July 1, 2013, the Participant's Administration Costs (General) share shall be calculated using the five (5) year rolling average Load during the time period from July 1, 2008 to June 30, 2013, with resulting Participant's Administration Costs (General) share applying during the 2014 calendar year. One hundred percent (100%) of the Administration Costs (General) will be applied using this convention to all Participants under this Rate 9.

The Fixed Costs charged to and due from each Rate 9 Participant shall be computed and billed by CMEEC as the sum of the Participant's project-based Fixed Costs and the Participant's share of the Administration Costs (General), both as determined above.

When special arrangements are established with a withdrawing Participant or potentially withdrawing Participant for CMEEC conducting supplemental services related to securing Forward Energy Contracts and or other Electric Products or Transmission

Services, in addition to the negotiated terms and conditions for pro rata assignment of Administration Costs if different than those specifically defined above, those Administration Costs shall include usage related costs defined in Section 6, Sub Section (vi).

Section 4 - Power Costs

Power Supply Costs shall be determined as a combination of the measurement of the requirements of the Rate 9 Participant for all Electric Products and the costs incurred by CMEEC for providing such Electric Products. The Rate 9 Participant's Electric Product requirements shall be computed by CMEEC as set forth in Subsection (a) below.

(a) The Rate 9 Participant's full requirements for all Electric Products exclusive of: 1) any Electric Products from Native Supply Resources permitted under the RPSC, if applicable and not otherwise assigned to CMEEC as set forth in Section 2 of the RPSC ("Permitted Native Supply Resources"), and 2) any Electric Products sold under a CMEEC interruptible rate or special Customer Purchase arrangement as provided for in Section 7 of this Schedule with the Rate 9 Participant. Electric Products requirements shall be computed by CMEEC on an hourly basis or such other time interval as applicable to how such costs are allocated to CMEEC.

(i) For purposes of the measurement of quantities of Electric Products the Rate 9 Participant's demand for the applicable hours during which such Electric Products are allocated to CMEEC, as measured in kilowatts, metered to all Delivery Points of the Rate 9 Participant inclusive of 1) any Electric Products from generation facilities owned, operated or controlled by the Rate 9 Participant and not Permitted Native Supply Resources and 2) any metering adjustment to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltage as determined by the GTSA or other applicable transmission arrangements required for the delivery of the Electric Products to the Rate 9 Participant, or the local Transmission Provider, but exclusive of 1) any Electric Products from generation facilities owned by the Rate 9 Participant which are permitted to reduce Rate 9 Participant's full requirement obligation and not assigned to CMEEC, and 2) Electric Products sold to the Rate 9 Participant under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 7 of this Schedule.

(ii) For purposes of the measurement of quantities of Electric Products the Rate 9 Participant's system energy during the applicable Time Period shall be the sum of the hourly kilowatt-hours metered at all Delivery Points of the Rate 9 Participant, adjusted to coincide with the start and end of each Time Period, inclusive of 1) any actual Electric Products in any such hour from generation facilities owned, operated, or controlled by the

Rate 9 Participant, and 2) any metering adjustments to compensate for delivery to the high-voltage side of the Delivery Point substations and adjustments to compensate for losses to Delivery Points at below transmission voltages as determined by the transmission arrangements entered into by CMEEC and/or TRANSCO or the Local Transmission Provider required to deliver the Electric Products to the Rate 9 Participant but exclusive of 1) any Electric Products in any such hour from Permitted Native Supply Resources which are permitted to reduce Rate 9 Participant's full requirements obligation and not assigned to CMEEC and 2) Electric Products sold in any such hour to the Rate 9 Participant under a CMEEC interruptible rate arrangement or any special Customer Purchase arrangements as provided for in Section 6 of the Rate Schedule.

The cost of Electric Products as defined by ISO-NE for all load serving entities participating in the ISO-NE markets and the cost of additional Electric Products entered into by CMEEC to manage and partially or fully hedge the costs associated with the Electric Obligations of the Rate 9 Participants, shall be computed as the sum of the Rate 9 Participant's share of charges and credits as set forth in Subsections (i), (ii), (iii), (iv), and (v) (as they may be amended pursuant to the ISO-NE Tariff) below:

- (i) Forward Capacity Market charges and credits
- (ii) Energy Market Charges and Credits
- (iii) Ancillary Services Charges and Credits
- (iv) ISO-NE Tariff and Charges and Credits (including charges under the Service Agreement with CONVEX)
- (v) Other Charges and Credits Allocated to CMEEC under the ISO-NE Tariff.

The Rate 9 Participant will receive a charge or credit for all variable costs incurred by CMEEC for the Rate 9 Participant's Entitlement Allocation of the Power Projects and all other power supplies acquired by CMEEC to meet the full requirements of Electric Products of the Rate 9 Participant needed pursuant to the ISO-NE Tariff and Applicable Law.

Section 5 – Levelized Billing of Power Costs

The computation of the requirements for Electric Products and the costs of CMEEC providing such Electric Products on an hourly basis and all Transmission Services provided to the Rate 9 Participant, or any such other time frame, shall be consistent with the manner in which costs are incurred by CMEEC in the ISO-NE administered markets and pursuant to the ISO-NE Tariff. To the extent that such cost information is not readily available, CMEEC shall utilize estimates as provided for in Section 8 in developing bills

for the applicable Time Period. Hourly costs for Electric Products may experience significant volatility over any given period. To the extent such volatility is inconsistent with the Rate 9 Participant's retail rate design, or the needs of the Rate 9 Participants, individual Participants can direct use of their respective rate stabilization funds, if available, or alternatively, request the CMEEC Board, on an annual basis coinciding with the approval CMEEC's Annual Budget, to establish a levelized billing rate for Power Supply Costs and Transmission Services based upon CMEEC's estimate of the costs of the Electric Product requirements of all Rate 9 Participants or each Rate 9 Participant individually as measured on a per unit basis. CMEEC will provide the Rate 9 Participant with estimated true up of costs on a basis as set by the Board to the extent levelized billing is set by the Board, the Rate 9 Participant shall receive a charge or credit from over-billings or under-billings, as the case may be, of actual Power Supply Costs and the costs of Transmission Services incurred for the previous year compared with the Rate 9 Participant's levelized Power Supply Costs and costs of Transmission Services billed for such year.

Section 6 – Other Charges or Credits to Power and Transmission and Costs

The Rate 9 Participant shall receive a statement of other charges or credits to the Rate 9 Participant's Base Costs as are applicable based on charges or credits 1) pursuant to the RPSC and GTSA or 2) approved by the Rate 9 Participant and/or the Board as appropriate. Such charges and credits may include the following items.

(i) The Rate 9 Participant shall receive a credit for, or the Electric Products from, generating facilities under assignment to CMEEC by the terms of any specific agreement, or by the market clearing prices for Electric Products available from such generating facilities, to CMEEC from ISO-NE.

(ii) The Rate 9 Participant shall receive a charge or credit as appropriate for disbursements to or from individual accounts established for the sole benefit of the Rate 9 Participant, including but not limited to, the Rate 9 Participant's Economic Development Fund, Rate 9 Participant's Rate Stabilization Fund, Rate 9 Participant's Trust Fund, or any other Fund established by the Rate 9 Participant where such charges or credits shall be as authorized by a designated representative of the Rate 9 Participant.

The Economic Development Fund shall be set at 0.5 mils/kWh for the total kWh of the Rate 9 Participant. The amount of the contribution to the Economic Development fund may be changed at any time by notice given to CMEEC by an authorized representative of the Rate 9 Participant.

(iii) The Rate 9 Participant, if a signatory to the Membership Agreement and thereby a "Member", shall receive a charge or credit in the manner provided in the Membership Agreement, and in Section 12 of the RPSC, for the excess revenues, net of expenses,

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attributable to the sale of power, any contractual arrangement or other service provided by CMEEC.

(iv) The Rate 9 Participant shall receive a charge or credit as approved by the Board as may be applied to reflect unique costs or revenue credits, which do not affect all other Rate 9 Participants on a pro-rata basis. Such special charges or credits shall be clearly specified in addendum to this Rate Schedule approved by the Board and may include, but are not limited to, such items as interest charges or credits, prepayments, the recovery of costs of any special financing, or sanction penalties imposed by ISO-NE.

(v) The Rate 9 Participant, if a Member, shall receive a credit for any dividend, distribution, or return of capital as approved by the Board from time to time.

(vi) The Rate 9 Participant shall receive an usage related charge to supplement Administration Costs for energy procurement and ancillary service fees as assessed and approved time to time by the Board, currently at the rate of \$1.00 / MWh, applied to each MWh of energy delivered to Purchaser Delivery Points for each Time Period in which the energy deliveries occurred.

(vii) The Rate 9 Participant shall receive a charge or credit to meet the Power Supply Cost, Transmission Services Cost, and Administration Cost (General) Allocation as defined in the RPSC and GTSA applicable to such Rate 9 Participant, where costs incurred by CMEEC are not provided for in any other Section of this Rate Schedule.

Section 7 - Supplemental Rates and Special Arrangements

In addition to the Base Charges, this Rate Schedule provides for additional services as may be required by the Rate 9 Participant from time to time. Additional services shall consist of those services or arrangements provided for in the Supplemental Rider to this Rate Schedule as set forth below. The Board may approve additional Supplemental Riders from time to time as required by the Rate 9 Participants to meet their needs.

(i) Supplemental Rider - Customer Purchase Arrangements; Special Contracts.

This Rider is available to any Rate 9 Participant that may desire to enter into Special Contract with CMEEC to facilitate specific power purchase contract or rate arrangements between the Rate 9 Participant and any of its retail customers or group of retail customers. This Rider shall be available to each Rate 9 Participant to facilitate any Special Contract including, but not limited to, market priced power, interruptible service, back-up service, renewable resource energy and conservation and load management services.

The costs and terms of providing such service shall be determined by prices and terms at such time as agreed to by the Rate 9 Participant and CMEEC provided, however, that any special arrangement offered hereunder shall not reduce the Rate 9 Participant's Fixed

Costs obligations set forth in Section 3. All such Special Contract arrangements shall provide for the recovery of any incremental costs and risks incurred by CMEEEC in supplying the Special Contract service, and shall be determined by uniform and equitable standards, and defined in each Special Contract.

Section 8 - Use of Estimates

For the services and charges described in this Rate Schedule, the CMEEEC may utilize estimates to the extent reflected in CMEEEC's Annual Budget. Deviations between collections under this Rate Schedule and the CMEEEC's actual expenses will be reconciled through a month-to-month or a year-to-year prospective true up as appropriate. Any deviations between estimated and actual true-up amounts for any Year will be reflected in the Annual Budget as determined by the Board for the subsequent Year.

Section 9 – Billing Format

The charges or credits comprising the various components of this Rate Schedule shall be provided in a billing format that enables the Rate 9 Participant to provide its retail customers with a standard billing format which is generally consistent with the guidelines and regulations of the State of Connecticut Department of Public Utility Control as appropriate with respect to Public Act 98-28, An Act Concerning Electric Restructuring or such other format or grouping of costs as may be required by a Rate 9 Participant and approved by the Board from time to time.

Section 10 - Effective Date and Amendments

The Rate Schedule shall become effective for service rendered on the first day of the month following the Commencement Date of the RPSC and shall remain in effect until superseded by vote of the Board. This Rate Schedule may be amended by the Board to provide for different terms or additional services. All such amendments to this Rate Schedule shall be in the form of Riders to this Rate Schedule provided however that no such amendment shall reduce the obligations of the Rate 9 Participant for the payment of its Fixed Costs obligations, as set forth in the RPSC and the GTSA.

Effective Date:

April 25, 2013

**Exhibit H (as referenced in the RPSC(s))
(Appendix A to Rate Schedule Tariff 9)**

General Service Terms

Character of Service

Alternating current; 60 Hertz, three-phase; delivery at 69 kV or 115 kV or at other voltages subject to conditions as agreed upon.

For service taken at a voltage below 69 kV, the hourly meter readings of the load of the RC Power Purchaser and/or Rate 9 Participant (the "Power Purchaser" for purposes of this Appendix A) shall be increased by 2% to compensate for losses until such time as new engineering studies show a loss factor of greater or less than 2% is more appropriate at which time the CMEEC and the Power Purchaser shall mutually agree on the appropriate loss adjustment factor as shall be accepted by Connecticut Light and Power Company ("CL&P"). The Power Purchaser shall be required to maintain power factors appropriate to meet the system operating requirements of the CL&P set forth in the GTSA, or otherwise in CMEEC's Transmission Service Agreement or the New England Power Pool ("NEPOOL") Agreement, as amended, or as established by the Independent System Operator – New England, Inc. or any successor entity ("ISO-NE"). In the event that a Power Purchaser does not maintain such a power factor, CMEEC shall have the right to apply additional charges as determined by the Board of Directors of CMEEC (the "Board") as appropriate to this Rate Schedule Tariff 9 to cause compliance with such power factor requirements. Such additional charges shall be applicable to all Power Purchasers who are not in compliance with the ISO-NE power factor requirements. As of the effective date of this Rate Schedule, the power-factor deficiency charge shall be \$0.33 kVAR/Time Period for all kVAR the Power Purchaser is deficient from the ISO-NE compliance level. The Board shall specifically approve any and all additional power factor deficiency charges to the Power Purchaser prior to implementation.

Metering Adjustment

When delivery is made at the high-voltage side of the substation and the service is metered on the low-voltage side, all metered quantities at the substation shall be increased by an amount to compensate for reasonable transformation losses, where such amount shall be set by the Board and may be changed from time to time by the Board. Each Power Purchaser is required to comply with the requirements of the ISO-NE, as applicable, and the ISO-NE Tariff as if such Power Purchaser were a direct participant in NEPOOL and ISO-NE. To the extent any Power Purchaser engages in sanctionable behavior as provided in the ISO-NE Tariff and such behavior (or lack of behavior) causes Sanctions to be imposed on CMEEC, CMEEC shall have the right to impose on the Power Purchaser the consequences of such sanctions.

Organizational / Accountability Chart

